CEO Statements of Aggressiveness and the Competitive Aggressiveness of Firms: Is There a Relationship?

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Abstract

This research examines the impact of a CEO's statements of aggressiveness on his or her organization's competitive moves. Based on prior literature in Upper Echelon Theory, it was hypothesized aggressive statements by CEOs will be associated with more aggressive organizations. A content analysis of letters to shareholders and trade publications was performed. Aggression scores for the content analysis were generated using the software package DICTION. The study examined two industries over a five-year time span. The findings indicate that CEO statements of aggressiveness do not significantly impact the competitive aggressiveness of their organizations.

Keywords: Top management, upper echelon, CEO, aggressiveness, competition

Introduction

As the economy emerges from one of the worst recessions in history, we are reminded of the responsibility that is ascribed to CEOs and their impact on their respective organizations. "Rock star" CEOs are showered with praise in the popular press for successfully leading organizations through these difficult times while others are vilified for their role in an organization's collapse. For example, the impact of Steve Jobs was summed up in a *Washington Post* article with the quote "maybe no American chief executive is perceived as being more crucial to his company's future than Jobs is to Apple's" (Ahrens, 2009). On the other hand, Conger and Nadler (2004) provide a long list of high-profile CEOs who had short tenures, among them Richard McGinn at Lucent Technologies and Douglas Ivester at Coca-Cola. Conger and Nadler go on to note CEO failure after a short time with the organization often results in the blame falling on one individual, the CEO, regardless of other forces involved in the situation.

Even with a prevailing opinion in the popular press and excellent research in the area, questions still remain regarding how the top management team influences the decision process (Papadakis, 2006; Papadakis & Barwise, 2002) and what the eventual outcomes of these processes are (Rajagopalan, Rasheed, & Datta, 1993). While a wide range of characteristics and interactions have been discussed and examined, this research seeks to examine a potential link between CEOs and their organizations in regards to one important characteristic, aggressiveness. If we assume that organizations do become a reflection of their top managers, then what happens when a CEO makes statements of aggressiveness? Does the aggressiveness of CEOs translate to their companies? This leads to the primary research question, "*Are organizations with aggressive CEOs more likely to undertake aggressive competitive actions?"*

In order to understand the reasons organizations take the actions that they do, it is important to know the various characteristics of top management and how these characteristics affect firm performance (Cannella Jr, 2001). The strategic actions of organizations do not take place unless top management makes the decision to do so (Smith et al., 2001). These characteristics of top management have regularly been identified as an important area for continued research in the strategy literature (Hambrick and Mason, 1984) and as having an impact on the performance of the firm (Patzelt, zu Knyphausen-Aufse, & Nikol, 2008; Pegels, Song, & Baik, 2000). The present study also answers calls in the literature seeking increased attention to the psychological aspects influencing strategy (Hodgkinson & Sparrow, 2002). Another area of research whose understanding would be expanded by the results of this study is that of competitive dynamics. As noted by Smith, Ferrier, and Ndofor (2001), there is a need for research that seeks to include facets from within the organization in the study of actions and reactions in the competitive dynamic between organizations.

The impact that top management can have on their organizations is widely recognized in academic literature. As noted by Hambrick and Mason (1984), there was widespread anecdotal evidence of this influence long before their initial development of Upper Echelon theory, which now provides the basis for much of the research in the area. This seminal work in the strategy literature outlined the potential for organizational outcomes to be studied as a reflection of the dominant coalition in the organization (top management). In doing so, Hambrick and Mason drew on prior work examining the behavioral factors that influence decisions (Cyert & March, 1963; March & Simon, 1958) and the strategic choice viewpoint (Child, 1972), which is important because, without choice, there would be no opportunity for top management to influence the eventual outcomes of their organizations (Hambrick & Finkelstein, 1987). They also addressed concerns with research of the time that attempted to show top management did not matter and that other factors, such as the environment, had more of an impact on the outcomes achieved by organizations.

The answers to the primary questions surrounding this topic – how much freedom do managers have to choose and to what extent these choices impact the organization – have been a topic of discussion since the beginnings of the discipline. There are a number of alternative theories that present competing answers to these questions. Murray (1976) presented in his research that managers did not formulate strategy so much as they negotiated it with powerful external parties. The influence of, and limitations resulting from, the environment and actors in the environment is a common theme across many of the alternative explanations. Some of the most commonly cited include Resource Dependence (Pfeffer & Salancik, 1978), Population Ecology (Hannan & Freeman, 1984), Institutional Theory (DiMaggio & Powell, 1983), and Contingency Theory (Lawrence & Lorsch, 1967). To add to the debate, both approaches can cite research that supports their view (Flynn & Weiss, 1987; Murray Jr, 1976). Bourgeois (1984) expressed concern that, while such deterministic theories may be useful for research purposes, their use would reduce the richness of the strategy process and possibly constrain future advancement within the discipline of strategic management.

It is against this background that this study seeks to enrich the literature by examining how top management, specifically CEOs, can influence the actions of their organizations by considering the aggressiveness of statements made by CEOs. In order to properly address this issue, this work draws from research on Upper Echelon Theory and competitive dynamics.

As previously noted, research on Upper Echelons can provide an opportunity to improve prediction of organization outcomes for both researchers and practicing executives (Hambrick and Mason, 1984). While Hambrick and Mason's original work called for the use of background characteristics to predict behavior (due to the difficulty examining psychological characteristics), this research seeks to add another facet. Hambrick (2007) has also called for more research examining the actual psychological processes at work in the theory.

Theoretical Foundation and Hypothesis

In the initial article outlining Upper Echelon Theory, Hambrick and Mason (1984) stated, even in the title, that organizations will be a reflection of their top managers. They suggested that this impact of top management will include not only the performance of the organization, but also the strategies the organization will pursue. While Hambrick and Mason focused on demographic characteristics of top management, psychological characteristics were also discussed as influencing organization outcomes. Another aspect that is specifically mentioned is an individual valuing alternatives and consequences differently. Selective perception of events occurring in the environment will also impact how a top manager guides the organization. It is suggested here that if this top manager is more aggressive, they may be more likely to remember the aggressive actions of competitors and interpret actions as aggressive. They may also value aggressive alternatives more highly, leading to a greater likelihood of the organization pursuing aggressive strategies. In addition, the characteristics of top managers have generally been supported in the literature as having an impact on the competitive actions that an organization will pursue (Smith et al., 2001).

While empirical research examining the impact of CEO personality and traits outside of demographic variables is somewhat rare, the research that has been done is promising and suggests that CEO aggressiveness will impact the organization's strategy. Peterson et al. (2003) considered the impact of CEO personality on the organization as one process through which leadership influences organization performance. They examined the personality of CEOs using the five factor model (agreeableness, conscientiousness, extraversion, neuroticism, and openness) and hypothesized an impact on organization performance through the influence that CEO personality would have on top management team dynamics. Several of these factors of personality were related to the functioning of the top management team. Examples include relationships for CEO agreeableness with top management team cohesion and CEO openness with top management team intellectual flexibility. Furthermore, these characteristics of the top management team (such as optimism and flexibility) were positively associated with the measure of organization performance (income growth). Narcissism and core self-evaluations are additional CEO personality characteristics that have also been found to impact organization outcomes through their influence on leadership styles (Resick, Weingarden, Whitman, & Hiller, 2009). CEO narcissism has also been studied in association with aggressive moves by their organizations, with Gerstner et al. (2013) suggesting that narcissists may engage in more aggressive investments in technology. On the whole, this research suggests that the personality of CEOs can affect the outcomes of their organizations through an influence on specific areas of the organization.

CEO personal characteristics such as attitudes have also been proposed to impact their organizations. Lewin and Stephens (1994) presented numerous propositions based on prior research in regards to how CEO attitudes such as tolerance for ambiguity, risk propensity, and egalitarianism would influence the design of their organizations. In addition, research by Smith et al. (1991) showed less experienced management teams to be more likely to behave aggressively based on how likely their firms were to respond to competitive actions. A relationship between CEO characteristics such as education, tenure, and functional background and two of the four strategies from the Miles and Snow typology (1978) has also been found (Thomas & Ramaswamy, 1989; Thomas, Litschert, & Ramaswamy, 1991; Thomas & Ramaswamy, 1996).

Aggressiveness of CEOs was specifically mentioned by Miller et al. (1982) in their discussion of the impact of personality on organization strategies and structures, even though their chosen personality characteristic for study was locus of control. Not only did their findings identify a relationship between this personality variable and strategy outcomes such as risk taking, proactiveness, and innovation, but this relationship was strongest when considering the top executive in the organization rather than the entire senior management team. In addition, proactiveness was defined in the study as pursuing strategies that were out in front of the competition, suggesting a more aggressive approach. Offstein and Gnyawali (2005) did specifically consider how differences among CEOs could impact the aggressiveness of their firms. While the difference among CEOs that they considered was the pay and incentive structure, their results do show that some portion of the variance in competitive aggressiveness among firms can be associated with differences among their CEOs.

CEO personality has also been found to be associated with the specific strategies being pursued. Miller and Toulouse (1986) discovered a number of relationships between the strategies of organizations and CEO flexibility, need for achievement, and locus of control. Most applicable to the discussion here is that CEO need for achievement was associated with greater strategic aggressiveness for their organizations, which seems to imply that CEOs who display such personality characteristics may desire to aggressively pursue such goals, resulting in more aggressive actions by their organizations. Miller and Toulouse suggest that these CEOs will pursue such strategies to satisfy a need to expand and build market share. It should be noted, however, that the sample consisted of primarily smaller organizations (the mean number of employees was 382).

Need for achievement was also utilized by Miller and Droge (1986) and was the CEO personality variable most associated with outcomes in another example of how CEO personality impacts the structure of their organizations. They hypothesized that those CEOs high in need for achievement would be more likely to have organizations high in centralization, formalization, and integration in order to provide the control and feedback they desire. This was the case as need for achievement was associated with all three structure variables. Once again, while this was the case in the overall sample, the effect is strongest among smaller organizations. These studies by Miller and colleagues provide evidence of a linkage between the personality of an organization’s CEO and the strategies that the organization will be more likely to pursue.

Lin (2006) indirectly tied CEO characteristics into the aggressiveness of their organizations. Lin’s research proposed that CEO power dominance would have a negative relationship with top management team social integration and that TMT social integration would then display a positive relationship with competitive aggressiveness. However, when the direct effects were considered, CEO power dominance displayed a negative relationship with both action and response aggressiveness for the organization. Power dominance, as defined by Lin, was the degree of influence other top managers had in regard to important decisions made by the CEO. While not necessarily a personal characteristic of the CEO, these results provide an instance in which variables related to the CEO were associated with a change in the aggressiveness of their organizations' actions.

While there has been almost no work done in regards to how the aggressiveness of the CEO impacts the organization, the above studies all provide support for the impact that CEOs and top management can have on their organizations based on their personal characteristics. Given the variety of CEO characteristics previously studied in this relationship, it seems logical to assume that CEO aggressiveness would also be capable of producing a similar effect within organizations. As noted by Hambrick and Mason (1984), organizations will tend to be reflections of their top managers, suggesting that aggressive CEOs will tend to lead more aggressive organizations. Based on this and the preceding research cited above, the following hypothesis is presented:

H1: The competitive aggressiveness of an organization will be positively associated with the aggressiveness of its CEO.

Methodology

Due to the nature of the data needed to complete the analysis, public companies were identified as most appropriate for the sample. Access to data on personal characteristics of CEOs was necessary and is often not available for smaller, private organizations (Finkelstein & Hambrick, 1990). In addition, the use of public companies allows for access to letters to shareholders from public filings. Finally, large public companies are more likely to be featured in the popular press, providing data points for the content analysis.

Two different industries were chosen for the sample in order to facilitate identification of industry effects in the results and provide additional context. Hambrick and Mason (1984) discussed the importance of considering different industries due to a number of top management factors. There is also the continuing debate in the literature regarding how much variance in performance can be attributed to the organization and how much is due to the industry in which they operate (Schmalensee, 1985; Rumelt, 1991; McGahan & Porter, 1997; Hawawini et al., 2003). In order to address the concerns regarding business unit versus corporate outcomes expressed in much of the research (McGahan & Porter, 1997; Rumelt, 1991), industries were chosen in which the organizations tend to focus on one primary offering.

The first industry selected was the world-wide automotive industry (SIC code 3711). The second industry selected was United States retailers (SIC codes beginning with 5). These two industries provide a comparison of one international sample and one US domestic sample, as well as a wide variety of large organizations. The top 20 public independent companies in each industry according to 2008 sales were chosen as the sample, following the suggestion by Fombrun and Shanley (1990) that the largest firms will receive the most public scrutiny and thus there will be more information available on those organizations. For the retail industry, the ranking by Stores.org was utilized to identify the top 20. The rankings in the automotive industry were determined by the Ward's Automotive listing of market share, which resulted in only 13 companies that met the criteria of being publicly owned, independent organizations, as some of the top 20 makes were wholly owned subsidiaries of others on the list. For each organization, the CEO was identified as the person of interest.

Variables

In order to examine the relationship presented in the hypothesis, CEO aggressiveness and organization competitive aggressiveness were analyzed, along with several control variables. These variables are discussed in greater detail in the following sections.

CEO Aggressiveness. In "*The Irrational Executive*", Kets de Vries (1984) develops a number of different patterns of behavior in the workplace that can result from the way in which the individual handles and targets their aggression. While individual aggressiveness is somewhat limited in the strategy literature, it has been found in the psychology literature to contain a trait component that will be consistent for that individual (Anderson, Buckley, & Carnagey, 2008; Blickle, Habasch, & Senft, 1998). This portion of individual aggressiveness has been studied extensively due to its consistency across situations and its stability over time (Coie et al., 1999). In addition, research has shown that those individuals who possess higher levels of trait aggressiveness will often become involved in more hostile situations, sometimes due to their effect on others through dyadic interactions (Anderson et al., 2008). Verbal aggressiveness has been shown to be a stable personality trait as well (Blickle et al., 1998), along with the ability to impact the compliance of others under some circumstances (Boster & Levine, 1988). Examining the stable traits of leaders has reemerged in the literature as a significant aspect in research on the behavior of leaders (Walter & Scheibe, 2013). Judge, Piccolo, and Kosalka (2009), mention the reemergence of trait approaches as well, while also specifically identifying a number of CEO traits that have been associated with aggressiveness in the literature.

Aggression is one of the aspects of communication specifically measured by the DICTION software utilized in the study and discussed later in more detail. The value for CEO aggressiveness was obtained as the standardized DICTION score for aggressiveness from all the CEO statements combined within a given year. The same value was computed for shareholder letters. DICTION also provides different approaches to this calculation depending upon the context in which the comments were made. CEO statements were analyzed as corporate public relations. Shareholder letters were analyzed as corporate financial reports.

Organization Competitive Aggressiveness. Following the approach taken by previous studies examining similar constructs (Stambaugh et al., 2009; Yu & Cannella Jr, 2005a), competitive aggressiveness is defined here as put forth by Lumpkin and Dess (1996:148) as "a firm's propensity to directly and intensely challenge its competitors to achieve entry or improve position, that is, to outperform industry rivals in the marketplace." Another important component of competitive aggressiveness mentioned by Lumpkin and Dess (1996) as prevalent in aggressive organizations is their willingness to eschew more traditional forms of competitive moves and try new tactics. This aggressiveness has been shown to impact a number of areas of the organization, including corporate entrepreneurship (Dean, Thibodeaux, Beyerlein, Ebrahimi, & Molina, 1993).

A number of different actions were identified based on the prior research in order to provide organization actions that would be considered in the content analysis. In keeping with the aforementioned definition provided by Lumpkin and Dess (1996), the focus in this study is on actions that organizations take in order to compete for demand. Lumpkin and Dess make the distinction between proactiveness (performing a competitive action first) and aggressiveness (competing for demand), although it is noted that some actions could include aspects of both (i.e. first to introduce a product that will take demand from a competitor's similar product). They also suggest that competitively aggressive moves will be those that challenge competitors and aim to outperform rivals in the marketplace. Given this, actions identified in this study as competitively aggressive had to be related to the competition and increasing market share. Thus, actions that could be considered aggressive or proactive in general (such as suddenly closing locations) were not considered competitively aggressive as they were not generally viewed as an act taken in pursuit of additional demand or in the interest of challenging a competitor, who may actually have their position improved by such an action.

Covin and Covin (1990) cite a number of prior studies in their development of tactics that could be considered aggressive. They note the importance of being a first mover (Lieberman et al., 1988) and surprise as a sign of competitive aggressiveness. The definition of competitive aggressiveness utilized in their study specifically mentions being the first organization to introduce a product. Grimm et al. (2005) note innovation and the development of such new products as an example of an aggressive competitive move, as well as a sign of disruptive competition, along with price cuts.

Covin and Covin (1990) also include taking actions that competitors respond to as a sign of competitive aggressiveness. Smith, Grimm, and Gannon (1992), in their study of competitive interactions, found price cuts and new product introductions to be the most common competitive moves that would prompt a reaction from competitors. Price cuts were also identified by Chen and MacMillan (1992) as a special case of competitive action. Their study found that price moves of more than 10% were more likely to be met with a response and the response was quicker. Stambaugh et al. (2009) also suggest that the combination of an aggressive competitive stance with an emphasis on cost leadership leads to higher performance. Several examples of price cuts as an aggressive competitive move can be found in decisions made by organizations (Grimm et al., 2005).

Entry into new markets is another competitive move that is often identified with aggressiveness in the literature. Dean et al. (1993) examined entry into new markets in their study of corporate entrepreneurship and found competitive aggressiveness to be the variable most associated with such actions. Fombrun and Ginsberg (1990) used market development as one of the factors in determining the aggressiveness of organizations as well. Grimm et al. (2005) provide Holiday Inn's entry into a variety of new market segments as an innovative and aggressive move on that organization's part, along with other examples. Several studies by Ferrier and colleagues (Ferrier, 2001; Ferrier et al., 2002; Ferrier, Smith, & Grimm, 1999) also suggest that lack of aggressiveness by those firms that are market share leaders allows challengers and new entrants that are more aggressive to gain a significant amount of market share.

It is noted here that new product introductions and new market entry will be identified as similar by the data collection method, discussed in greater detail later. However, the value of the competitive aggressiveness variable in the analysis is calculated as the combined instances of the above actions, in keeping with the attack volume component of competitive aggressiveness previously used in the literature (Ferrier, 2001; Smith, Grimm, Wally, & Young, 1997; Young et al., 1996). Due to this, any issues with classifying an action as a new product or entry into a new market are limited as the action will still be counted as a contributor to competitive aggressiveness. Table 1 provides the words included in the content analysis as representative of each competitive action. The terms were adapted from prior work in the area (Ferrier et al., 1999; Ferrier & Lyon, 2004; Ferrier et al., 2002).

Table 1

Terms Representing Competitive Actions in the Content Analysis

	Terms
Price	discount, rebate, rate, price (cut)
Product	launch, roll out, unveil, introduce
Market	expanded, enter

In summary, an action had to be aimed at competitors and increasing market share or demand in order to be considered aggressive for the purposes of this research. This is in contrast to common actions that organizations might take that could be considered extreme or aggressive in the more general sense. For example, several automotive companies took the drastic, and necessary, steps of eliminating makes (such as Pontiac and Mercury) or selling off divisions (such as Jaguar) that had long histories. While these are major moves, and could be viewed as aggressive by some definitions, they were not considered part of organizational aggressiveness for the purposes of this research because, in keeping with the discussion above, these actions did not constitute an attempt to increase market share at the expense of a competitor and would decrease the market share, or possibly benefit the competitors, of the organizations undertaking such actions.

Control Variables. Several control variables were identified based on prior research that considered similar relationships. These variables consist mainly of characteristics of the CEO and the organization. For CEO characteristics, tenure (Finkelstein & Hambrick, 1990) and functional background (Hambrick et al., 1984; Porter, 1980) were identified. Tenure was measured as the number of years a CEO held the position (Henderson et al., 2006). Following the work of Chattopadhyay et al. (1999), the functional backgrounds of CEOs in this study were identified as one of eight categories: sales, marketing, accounting, finance, R&D, general administration, personnel, and production/operations. As for the organization, age and size were considered (Smith et al., 2001). Goll et al (2008) included organization size, in this case due to the proposition that size, when measured as total assets, could influence profitability. A similar approach, using total assets, is often utilized in the literature (Ferrier et al., 2004; Magnan & St-Onge, 1997; Peterson, Martorana, Smith, & Owens, 2003). Age of the organization was simply the number of years since the organization was founded (Henderson et al., 2006; Lubatkin et al., 2006; Nadkarni et al., 2007; Thomas et al., 1996).

Data Collection. Industry ranking, CEO control variables, and organizational control variables were obtained from a combination of LexisNexis Company Dossier, COMPUSTAT, Morningstar, and company websites. Functional background was coded as the category in which the CEO was most experienced (Hambrick et al., 1996).

In order to obtain data on the aggressiveness of CEOs, computer-aided text analysis was employed (Kabanoff, 1997) to perform a structured content analysis. Structured content analysis has been identified as dramatically improving the study of competitive dynamics due to access to larger samples over longer periods of time (Smith et al., 2001). This is a method that has been utilized repeatedly in strategy and other organizational research domains (Abrahamson &

Hambrick, 1997; Ferrier, 2001; Ferrier et al., 2002; Kabanoff, 1997; Morris, 1994; Short & Palmer, 2008; Smith et al., 2001). Computer-aided text analysis can be undertaken to obtain data on a number of topics of interest, such as the sentiments and intentions of top managers, that would normally be difficult to obtain (Morris, 1994). In addition, computerized coding of content provides several advantages over human coding of content including perfect reliability (Weber, 1988), easy manipulation of coding rules, and the ability to code larger data sets (Morris, 1994). The analysis for aggressiveness was performed utilizing DICTION software, which is discussed next.

Use of DICTION Software. A specific software package that has been recommended for use in Strategy research to complete computer-aided text analysis is DICTION (Short et al., 2008). Short et al. recommend DICTION because of its use of artificial intelligence elements and basis in linguistic theory, along with consideration of business texts during the software's development. DICTION is also noted for allowing research to consider the tone of statements made in the text (Ketchen Jr, Boyd, & Bergh, 2008). DICTION software also specifically identifies language related to aggressiveness, among other linguistic characteristics, which is especially applicable to this research. DICTION has also been used in related studies such as charismatic leadership (Bligh, Kohles, & Meindl, 2004) and communication of financial results (Yuthas, Rogers, & Dillard, 2002). Short et al. (2008:729) draw on prior research to present "content analysis of text offers considerable potential to gain key insights into the thinking of top managers and, in following, the choices they make". In addition, content analysis has been suggested as providing insight into the cognitions of managers due to the words they use based on the Whorf-Sapir hypothesis (Abrahamson et al., 1997) and providing an idea of the perspective taken by top management (Porter, 1980).

DICTION was utilized to analyze letters to shareholders for each company in the sample over the five-year period covered by identifying the number of times the concepts identified in the discussion of variables above occurred. The years 2003-2007 were selected to avoid the confound of the recent changes in the economic environment. Content analysis of letters to shareholders is a common practice in the strategy literature and has several benefits, such as being one of the few methods that allows for comparison of cognitions across and within various industries (Abrahamson et al., 1997). In addition to analysis of letters to shareholders, publications were identified for each industry and analyzed for the same concepts. Trade publications are another popular source for content analysis in the literature and have been used in a variety of studies (Chen & MacMillan, 1992a; Chen et al., 1992b; Smith, Grimm, Gannon, & Chen, 1991). For the automobile industry, *Automotive News* was selected. In the absence of available access to a more focused trade publication for the retailing industry, *Business Week* was selected. *Business Week* was chosen because it provides profiles of numerous individuals, companies, and industries, as well significantly expanded online content (Katz & Katz, 2010). As previously mentioned, DICTION includes several different contexts that can be used when analyzing the text. In this research, letters to the shareholders were analyzed as "corporate financial reports", while "corporate public relations" was the context used for CEO statements. For the publications authored by third parties, *Automotive News* and *Business Week*, only statements identified as direct quotes were utilized to ensure that the information being presented was representative of the opinion of the CEO and not the author.

Analysis Methods. The hypothesis was tested utilizing SPSS. SPSS was chosen because it provided all of the tools necessary to test the hypotheses and is commonly utilized in the literature (Keegan & Kabanoff, 2008; Resick et al., 2009; Smith, Young, Becerra, & Grimm, 1996). To test the hypothesis, that CEO aggressiveness would be positively associated with the aggressiveness of their organizations, the measures for CEO aggressiveness and the control variables were entered into a multiple regression analysis as independent variables with organization aggressiveness as the dependent variable.

Results

The descriptive statistics for the variables in the study are presented in Table 2 below. The CEO Aggressiveness and Letter Aggressiveness values were the standardized values for aggressiveness reported by DICTION. Average Aggressiveness is the average of the CEO Aggressiveness and Letter Aggression values for each year for each organization. Price, Product, and Market Aggressiveness represent the number of aggressive moves identified in the periodicals for each organization by year, while Organization Aggressiveness is the sum of all these acts for that year.

Some interesting notes regarding the data emerge from these statistics. Due to 18 succession events during the sample timeframe, a number of CEOs had a tenure of one year or less for several of the observations. Also, CEO backgrounds in the sample were heavily biased, with general administration the most popular followed by production/operations. This can be seen in the high mean value for CEO Background, as well as the small standard deviation.

Table 2

Descriptive Statistics

	Minimum	Maximum	Mean	Std. Deviation
ROA	-25.72	20.61	6.9894	6.66504
ROI	-203.73	57.61	14.1205	24.48952
Industry	0	1	.39	.490
CEO Tenure	0	22	4.38	4.474
CEO Background	0	8	6.26	.995
Organization Age	17	149	76.12	34.737
Organization Size	2241	479603	65066.93	95053.356
Quote Aggressiveness	0	7.96	1.1595	1.26235
Letter Aggressiveness	0	5.34	1.4065	.98757
CEO Aggressiveness	0	6.65	1.3054	.97690
Price Aggressiveness	0	12	.67	1.624
Product Aggressiveness	0	9	1.03	1.594
Market Aggressiveness	0	3	.31	.677
Organization Aggressiveness	0	22	2.01	2.951

The bivariate correlations between variables are presented in Table 3. This table includes the individual components of aggressiveness (statements and shareholder letters for CEOs and product, market, and price for organizations), as well as the combined scores. Significant correlations are shaded in the table. While no relationships were specifically hypothesized for the correlations, some interesting relationships are present. These are discussed following the table.

Table 3

Correlations

	Year	Succession	Industry	CEO Tenure	CEO Back	Org Age	Org Size	Quote Agg	Letter Agg	CEO Agg	Price Agg	Prod Agg	Market Agg	Org Agg
Year	1	.017	.000	.138	.044	.041	.004	-.160	.048	-.034	-.109	-.008	-.006	-.066
Succession	.017	1	.083	-.104	-.003	.089	.043	.261*	.071	.208**	-.066	-.036	-.086	-.075
Industry	.000	.083	1	-.174*	.059	.235**	.701**	.148	.249**	.234**	.332**	.453**	-.204**	.380**
CEO Tenure	.138	-.104	-.174*	1	.060	-.100	-.146	-.224*	.006	-.046	-.100	-.123	.000	-.122
CEO Back	.044	-.003	.059	.060	1	.060	.159	.057	.185*	.172	.277**	.159	.064	.256**
Org Age	.041	.089	.235**	-.100	.060	1	.196*	.035	.106	.084	.071	-.048	-.202**	-.033
Org Size	.004	.043	.701**	-.146	.159	.196*	1	.060	.269**	.188*	.715**	.569**	-.067	.683**
Quote Agg	-.160	.261*	.148	-.224*	.057	.035	.060	1	.387**	.891**	.047	.035	-.139	.018
Letter Agg	.048	.071	.249**	.006	.185*	.106	.269**	.387**	1	.890**	.103	.132	-.046	.118
CEO Agg	-.034	.208**	.234**	-.046	.172	.084	.188*	.891**	.890**	1	.073	.092	-.111	.065
Price Agg	-.109	-.066	.332**	-.100	.277**	.071	.715**	.047	.103	.073	1	.555**	.087	.870**
Prod Agg	-.008	-.036	.453**	-.123	.159	-.048	.569**	.035	.132	.092	.555**	1	.003	.846**
Market Agg	-.006	-.086	-.204**	.000	.064	-.202**	-.067	-.139	-.046	-.111	.087	.003	1	.279**
Org Agg	-.066	-.075	.380**	-.122	.256**	-.033	.683**	.018	.118	.065	.870**	.846**	.279**	1

In regards to the variables that are the primary focus of this research, the measures for CEO Aggressiveness were significantly correlated with each other (r=.387, p<.01), suggesting a consistency of message across letters to the shareholders and statements CEOs make to the press. CEO Quote Aggressiveness was found to be significantly correlated with a dichotomous variable to identify CEOs that only held the position for a portion of the year (r=.261, p<.05). In conjunction with the significant negative correlation this variable has with CEO Tenure (r=-.224, p<.05), it is possible that CEOs who have recently entered the position or know they are on their way out are more willing to make aggressive statements in public. Finally, CEO Aggressiveness was positively and significantly correlated with Organization Size (r=.188, p<.01), which is posited here to possibly be due to CEOs of larger organizations believing they are in a position to be more aggressive, especially in letters to shareholders.

As for the control variables, both organizational variables (Age and Size) displayed significant correlations with a number of other variables. In addition to the relationship between size and CEO Aggressiveness mentioned previously, size also displayed a significant large positive association with Price Aggressiveness (r=.715, p<.01), which may be due to larger organizations having the resources to engage in price cuts, perhaps due to the pressure they can exert on suppliers (Wal-Mart, for example).

Finally, industry played a very significant role in the correlation analysis, as it was significantly associated with all but three of the other variables. Overall, the correlations suggest more aggressiveness is present in the automotive industry, both from a CEO standpoint (r=.234, p<.01) and the organization (r=.380, P<.01). Several suggestions for the prevalence of correlations with industry are addressed later in conjunction with the discussion of limitations and suggestions for future research.

In order to test the hypothesis, aggressive organizations would be involved with aggressive CEOs, the overall measure of CEO Aggressiveness was entered as an independent variable along with the control variables and industry. The total measure for Organization Aggressiveness was entered as the independent variable. The results of the regression are presented in Table 4.

Table 4

Results of CEO and Organization Aggressiveness Regression

	B	Std. Error	Beta	t	Sig.
Constant	-1.507	1.437		-1.049	.297
Industry	-.653	.605	-.100	-1.080	.283
CEO Tenure	-.029	.050	-.040	-.587	.559
CEO Background	.576	.221	.178	2.611	.010
Organization Age	-.011	.006	-.130	-1.832	.070
Organization Size	.00002	.000	.743	8.081	.000
CEO Aggressiveness	-.194	.215	-.062	-.905	.368

Overall, the model is significant ($F(6, 112) = 19.37$, $p=0.0$) and accounts for almost 51% of the variance in Organization Aggressiveness (R^2=.509). When considering the hypothesis, that

CEO Aggressiveness would have a significant relationship with Organization Aggressiveness, the results suggest this is not the case. CEO Aggressiveness was not significant in the regression ($p=.368$). Further evidence is provided by the earlier correlation analysis, in which CEO Aggressiveness and Organization Aggressiveness were not significantly correlated ($r=.065$, $p>.05$). Based on this evidence, the hypothesis is not supported. CEO Background and Organization Size were the significant predictors of Organization Aggressiveness in the model ($\beta=.178$, $p=.10$ and $\beta=.743$, $p=.00$, respectively). While CEO Background will be discussed in greater detail later, the strong significant results for Organization Size suggest that larger organizations tend to be more aggressive. Industry and CEO Tenure were not significant, while Organization Age could be considered to be marginally significant ($\beta=-.130$, $p<.1$).

Discussion

The hypothesis that CEO Aggressiveness would be associated with the competitive aggressiveness of their firms was not supported. This suggests that simply having a CEO with aggressive tendencies will not necessarily translate into a more aggressive strategy for the organization. While prior research suggests that CEO personality and personal characteristics can impact strategies (Boone & Brabander, 1997; Lewin & Stephens, 1994; Miller & Toulouse, 1986; Thomas et al., 1989), this was not the case in this research.

Several possible explanations could be posited for this finding. Perhaps CEOs in their communication to outsiders via comments to the press and letters to shareholders were simply attempting to "psych out" their competition by sounding aggressive but not actually intending to take action. It may be an attempt on their part to signal potential actions in order to alter the future actions of others (Heil & Robertson, 1991). It may also be possible the CEOs intended to act in an aggressive manner, but were unable to do so due to resource limitations, changes in the environment, or other unexpected developments. Perhaps aggression does not translate well to the use of content analysis, even though content analysis is an often-used and well-received method in strategic management research (Morris, 1994; Short et al., 2008). A final explanation is that CEOs are able to separate the personal aggressiveness that they display in their communications from the decision-making process, allowing them to make decisions that are not impacted by their aggressiveness.

Along with the finding that CEO Aggressiveness was not associated with Organization Aggressiveness, the tests for the hypothesis did provide two significant predictors. Organization Size was significantly and positively associated with aggressiveness, providing evidence that larger organizations are more aggressive, which supports prior work in the literature (Baum et al., 1996; Lin, 2006). This could be due to larger organizations having the resources necessary to take aggressive actions, such as introducing new products. Another explanation is that larger organizations must be aggressive in order to defend themselves, as they have become a larger target for competitors. The other significant predictor was CEO Background. While this is an interesting finding, it is viewed as somewhat tentative due to the range restriction that was present in the CEO Background variable, as can be seen in the summary statistics presented earlier. Almost all of the CEOs with identifiable backgrounds were identified as having a general administration background.

As mentioned earlier, these findings may suggest that CEOs are able to adapt, or at least control, their personal aggression when it comes to the decisions they make and the actions they take in regards to the organizations they lead. Gupta et al. (1986) identified specific characteristics of CEOs that would apply to certain strategies, leading to improved performance. Based on these findings, it may be that an aggressive CEO is not necessary for organizations pursuing an aggressive strategy.

Outside of the hypothesized relationships, some additional relationships were present that bear mentioning. These relationships were identified as part of the initial correlation analysis. A variable was included in the analysis to indicate if a CEO succession event took place during that year, as CEO succession has been shown to have a number of effects on organizations (Kesner & Sebora, 1994; Miller, 1993). This variable was significantly correlated with the aggressiveness of quotes made by the CEO during the year and their aggressiveness overall, but not with the aggressiveness of the shareholder letters. One explanation for this is that the CEO may be more aggressive when they are first on the job or right before they know they are on their way out. There would most likely not be an opportunity for them to have displayed this higher level of aggressiveness when the letters to the shareholders were written, as they were either not with the organization or not aware they were going to be removed at that time. In addition to this, the aggressiveness of CEO quotes displayed a significant negative correlation with tenure. This may be due to new CEOs being more aggressive, possibly as a signal to either their organization or the competition. Another explanation is that as CEOs gain more experience or age they tend to be less aggressive or at least display their aggressiveness less often.

Another correlation that is worthy of mention is the correlation between the aggressiveness of CEO quotes and the aggressiveness of letters to the shareholders. This positive and significant relationship contributes to the research on text analysis and its application. The relationship here can be viewed as support for the contention that CEOs are actively involved in the development of letters to shareholders (Barr, Stimpert, & Huff, 1992), as it presents that there is a somewhat consistent message, at least as far as aggressiveness, across letters to the shareholders and comments CEOs make in public.

Finally, the significant correlations related to industry are intriguing. While industry was included as a control variable and this study did not collect the data necessary to significantly add to the discussion of industry effects in the literature (McGahan et al., 1997; Rumelt, 1991; Schmalensee, 1985), the findings are overwhelming enough to merit mention. In short, industry was correlated with almost every variable in the study. To better present this information, Table 5.1 provides a quick comparison of the industries. The table provides a general idea of how the two industries in the sample differed on a few of the variables where a significant correlation was reported.

Table 5

Comparison of Industries

	Automotive	**Retail**
CEO Aggressiveness	More Aggressive	Less Aggressive
Organization Aggressiveness	More Aggressive	Less Aggressive
CEO Tenure	Shorter Tenure	Longer Tenure
Organization Age	Older Organizations	Younger Organizations
Organization Size	Larger Organizations	Smaller Organizations

While both industries had a similar number of succession events, the retail industry had multiple CEOs with double-digit tenures, while the automotive industry only had one. The automotive industry was more aggressive overall, which since both industries have been known to be competitive, may represent an interesting characteristic of the industry as a whole (need to be more aggressive to become CEO, automotive companies look for more aggressive CEOs, etc.). This finding receives additional attention in the limitations section.

Implications

This section provides a number of implications for research that result from the findings of the study. Some of these implications are also related to suggestions for future research and are thus discussed in greater detail later. Several implications for practice are discussed as well.

One finding from this study that provides implications for research is the lack of a significant relationship between CEO Aggressiveness and Organization Aggressiveness. If these results are replicated and hold true, one implication for research is that some personality characteristics of top management may not have an impact on the actions of their firms. If this is the case, research will need to identify what CEO characteristics translate into an impact on organization performance and actions. Perhaps categories of characteristics can be developed based on underlying factors that determine whether they will impact the organization. However, it is important to not overlook the wide range of ways in which CEO characteristics could influence the CEO's impact on the organization, as Hambrick and Mason (1984) outlined a number of processes, such as top management characteristics influencing perceptions. So while CEO Aggressiveness was not directly related to the aggressive actions of organizations, their aggressiveness, and other characteristics, may be influencing organization actions in other ways.

Some of the possible explanations for the lack of a significant relationship also provide implications for research. One aspect to take into account is the suggestion that aggressive comments are signaling actions that a CEO may not actually intend to pursue. This could lead to identifying CEOs as more aggressive than they actually are. However, another consideration is that the perception of a CEO's aggressiveness by competitors in such a circumstance may be just as interesting as the actual aggressiveness. The other implication for researchers is to consider what may have prevented CEOs from fulfilling intended aggressive actions, which could also lead to differences in intended and actual aggressiveness.

Possibly the most important overall implication for practice regards the selection of aggressive individuals as CEO in general. While there may be a common perception of CEOs as aggressive individuals, selection of such individuals for the position may not be warranted. One such example is Robert Nardelli, who held the position with Home Depot. While he was often cited as an aggressive individual, his strategies ultimately failed to provide the expected results (Grow, Brady, & Arndt, 2006; Grow et al., 2007). This research implies that the personal aggressiveness of the CEO most likely has little impact on the strategies the organization will pursue. The results suggest that if an impact of aggressive CEOs was posited, the implications for performance would most likely be negative and those selecting a CEO on this basis may not obtain the outcome they expected.

Limitations and Directions for Future Research

This study represents an exploratory look into the connections between CEO personality, competitive aggressiveness, and organization performance. With this, come several limitations. However, it is hoped that this research will provide the basis for future studies to explore similar research and expand on the relationships discussed here. In order to facilitate this, the limitations of the study are presented in conjunction with suggestions for future research.

First, the nature of the study and the data collection does not allow for any statements regarding causality. While the data was collected over a five-year period, each company year was treated as a separate observation and not tracked across time. Future research should examine these research questions in a longitudinal manner.

Related to this topic is the choice of years for which data was collected. The timeframe 2003-2007 was chosen to somewhat limit the impact of recent changes in the business environment. The hope was to avoid a major shift occurring in the middle of the data collection timeframe, although the automotive industry had started to experience a shift already. However, this is not to say that this is not an important area for future study. These relationships are likely to be even more important under such circumstances and should be investigated when a suitable timeframe is available.

One aspect that this research did not measure that could have influenced the relationships is managerial discretion (Finkelstein & Boyd, 1998; Finkelstein et al., 1990; Finkelstein et al., 2007; Hambrick & Abrahamson, 1995; Hambrick et al., 1987). As is noted in the research on managerial discretion, CEOs who lack discretion will have less of an impact on their organization. This can be influenced by a number of factors, including the industry (Hambrick et al., 1987). It is possible that the lack of a relationship between the primary variables of interest is due to a lack of managerial discretion in the industries selected. This would make it possible to have very aggressive CEOs who are unable to impact the aggressiveness of their organizations. Future research in the area should include discretion measures in order to identify if a lack of discretion is influencing the results. Perhaps there is a different impact for discretion when personality is considered. In order to help facilitate the analysis in a study such as this one, development of discretion as an individual manager-level variable would be useful and could provide valuable insights as well (Finkelstein, 1998).

Another limitation of this research that could be addressed in future studies is the level of aggression. This study considered the number of aggressive actions across three categories. However, the intensity of these acts was not considered on either an act-by-act basis or a category basis. Obviously, some acts in the same category would convey different levels of aggressiveness. For example, a 5% price cut on a major category of products would be considered aggressive, but a 10% price cut across the board would be much more aggressive. Future research could integrate different levels of aggressiveness for the acts considered.

A related limitation concerning the measure of competitive aggressiveness is the aspect of competitive aggressiveness considered. Only one aspect of competitive action was considered in this research, attack volume (Ferrier, 2001). Future research could address this by including one or more of the remaining aspects: unpredictability, duration, and complexity. The addition of these aspects would allow for a finer measure of competitive aggressiveness and also help address the intensity of competitive aggressiveness previously mentioned. Improving these measures could also improve the differentiation utilized for the analysis of fit among CEO aggressiveness and organization aggressiveness.

Another option for future research would be to further the research on relational and dyadic aggression between organizations. While the methodology of this could be difficult, the potential insights gained could be very informative. An interdisciplinary approach, drawing on the psychology literature, would assist with this research. For example, dyads and the impact of proactive versus reactive aggression could be studied (Coie et al., 1999) in conjunction with competitive responses (Chen et al., 1992a; Lin, 2006)

Another limitation of this research is the choice of industries. First off, this limits the generalizability somewhat. Future research should sample from additional industries to determine if the relationships are consistent in different contexts. Also, while the automotive industry had a trade publication readily available, access could not be gained to a comparable publication for the retail industry. *Business Week* was utilized as it covers a wide range of industries and the retail industry is a major industry often included in their publication. However, since *Business Week* does not focus solely on the retail industry like *Automotive News* does with the automotive industry, it is likely that the automotive CEOs and organizations are relatively overrepresented in the sample, with more quotes and reports on competitive actions available. Future research should continue to integrate the most comparable publications possible.

However, fruitful suggestions for future research emerge from this aspect. One suggestion is to align two more similar potential publications, perhaps using *Aviation Daily* and the airline industry, as utilized by Smith et al. (1991), for the second industry and trade publication combination. Another suggestion for future research that could address this methodological concern in the future is to perform the analysis using a general business publication and a trade publication within the same industry. This would allow for comparisons of how such analyses differ across types of publications, providing important insights for future content analyses. A third may be to analyze two industries using the same publication to eliminate the differences across publications.

The industries selected also impacted the types of competitive actions that could be observed. For example, "new" products in the retail industry are somewhat limited as the retailers only sell the products and do not usually develop the products themselves. While there were a few product introductions, the possibilities were limited by the choice of industry. Also, there was most likely a reduced opportunity for major innovations as compared to other industries, such as some of the more technological fields. The aforementioned greater variety of industries in future research would help address this, as would including a wider variety of potential aggressive competitive actions. Another potential aspect in regards to this is the general level of aggressiveness present in each industry. Future research could examine how overall aggressiveness varies across industries and how the prevalence of aggressiveness at the industry level potentially impacts the relationships studied.

A greater variety and number of industries in future research could provide other benefits as well. This would improve the generalizability across industries. It would also allow for greater understanding of how other variables impact the relationships studied. For example, the impact of differences in managerial discretion across a greater number of industries could be examined. The increased number and variety of industries could provide the opportunity to identify a number of different industry effects ranging from competitive intensity to stages in the Product-Market Lifecycle. For example, both of the industries examine in this research would be considered mature. Aggressiveness may exhibit different relationships, perhaps having a greater impact in earlier stages such as growth or shakeout.

Future research could also contribute to the literature by obtaining primary data on the aggressiveness of the CEOs. While the use of secondary sources is well-supported in the literature (Abrahamson et al., 1997), it may prove beneficial, although difficult, to obtain more direct measures. Along with the use of primary data, the research could examine the whole top management team, which is suggested to be a more effective approach (Hambrick, 2007; Hambrick et al., 1984).

In general, Upper Echelon research has focused on the dominant coalition – the top management team (TMT) of an organization – rather than just the CEO. This is in keeping with the suggestion, from the initial article establishing the theory, that consideration of the entire team will provide more insights than simply focusing on the CEO alone (Hambrick, 2007), although insights can still be obtained through the study of individuals. While this study followed the suggestion that CEOs can substitute as proxies for the top management team in research (Hambrick, 2007), future research could utilize a design in which the characteristics of all of the top management for an organization is considered.

Finally, this research considered only one aspect of personality, aggressiveness. Some personality variables have already entered into the literature, among them the Five-Factor Model (Peterson et al., 2003), narcissism (Resick et al., 2009), and risk propensity (Lewin et al., 1994). However, many options still remain. An interdisciplinary approach would provide endless options for additional aspects of personality that could be included in future research.

Conclusion

This study sought to explore the relationships between CEO aggressiveness and competitive aggressiveness of organizations. The focus was on the research question “Are organizations with aggressive CEOs more likely to undertake aggressive actions?”. For now, the answer appears to be “no”. While the primary hypothesis was not supported, several important relationships were identified and many important implications emerged from the findings.

Those who are responsible for selecting CEOs for organizations should not select an individual based on the aggressiveness they have displayed, even in the case of organizations seeking to pursue an aggressive strategy. While the importance of CEOs in their organizations is not in doubt, there is the possibility that not all of a CEO’s characteristics will impact the organization, at least not directly. These results will hopefully provide the foundation for future research to increase knowledge in the field of strategy in regards to CEO personalities and the impact these personalities can have.

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