

**UNIVERSIDAD COMPLUTENSE DE MADRID**  
**FACULTAD DE CIENCIAS ECONÓMICAS Y**  
**EMPRESARIALES**



**TESIS DOCTORAL**

**Capital humano y éxito de carrera de directores generales en  
empresas latinoamericanas**

**Human capital and career success of CEOs working for  
Latina American firms**

MEMORIA PARA OPTAR AL GRADO DE DOCTOR

PRESENTADA POR

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Madrid

UNIVERSIDAD COMPLUTENSE DE MADRID  
FACULTAD DE CIENCIAS ECONÓMICAS Y EMPRESARIALES  
DEPARTAMENTO DE ORGANIZACIÓN DE EMPRESAS



PROGRAMA DE DOCTORADO EN ADMINISTRACION Y  
DIRECCION DE EMPRESAS

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**Capital humano y éxito de carrera de  
Directores Generales en empresas latinoamericanas**

**Human capital and career success of CEOs  
working for Latin American firms**

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Madrid, 2019



**DECLARACIÓN DE AUTORÍA Y ORIGINALIDAD DE LA TESIS PRESENTADA  
PARA OBTENER EL TÍTULO DE DOCTOR**

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## **ACKNOWLEDGMENTS**

Quisiera agradecer a mi Director de tesis Doctor Miguel Angel Sastre Castillo, quien ha sido un gran apoyo en mi formación para la investigación. Me ha guiado sobre cómo hacer investigación, y me ha explicado el funcionamiento del mundo académico. Aprecio todas sus ideas, su tiempo, su disponibilidad, su buena voluntad, su paciencia, así como su apoyo en la presentación a becas ofrecidas por la universidad, gracias a las cuales he podido realizar la estancia y asistencias a congresos requeridos. Ha sido un placer haber compartido este proyecto con él. Además, reconozco el valioso aporte de todos los docentes del Doctorado en Administración de Empresas de la Universidad Complutense de Madrid, en especial el de la Doctora María Angeles Montoro Sánchez, quien se ha sumado a la Dirección de la tesis con muy buena predisposición y, en su rol de Coordinadora del programa, siempre ha alentado la participación de los alumnos en proyectos y actividades, fomentando la capacitación permanente y el desarrollo de nuevas habilidades. Por otra parte, quisiera agradecer a la profesora Monika Hamori, integrante del IE Business School, su atención y generosidad al haber dedicado tiempo a la corrección/ ajuste de algunos de mis capítulos.

Finalmente, quisiera plasmar mi agradecimiento a mi hermano Fernando, quien siempre me alienta a asumir nuevos desafíos, y a mi gran amiga María Cristina González Gagino por su apoyo incondicional a lo largo de este proyecto.



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## **LIST OF ABBREVIATIONS**

CEO	Chief Executive Officer
CFO	Chief Financial Officer
COO	Chief Operations Officer
FTSE	Financial Times Stock Exchange
HQs	Headquarters
HR	Human Resources
HRM	Human Resource Management
MBA	Master's degree in Business Administration
MNCs	Multinational firms
EMNCs	Emerging multinational firms
S&P	Standard and Poor's



## RESUMEN

### Capital humano y éxito de carrera de Directores Generales en empresas latinoamericanas

#### Introducción

Si bien una cantidad considerable de trabajos ha enfatizado la naturaleza contextual de las carreras (Mayrhofer & Schneidhofer, 2009; Sullivan & Baruch, 2009), gran parte de ellos han asumido, de manera implícita, la existencia de predictores de éxito de carrera universalmente aplicables (Briscoe, Hall, & Mayrhofer, 2012). De hecho, “la mayor parte de las investigaciones sobre carreras se ha llevado a cabo en países WEIRD (Henrich, Heine, & Norenzayan, 2010)” (Gunz & Mayrhofer, 2017, p.245), es decir, en países occidentales, educados, industrializados, ricos y democráticos. En la misma línea, otros autores han sostenido que la mayor parte de los estudios sobre carreras se han originado en el mundo occidental, entendido como Estados Unidos, Australia y Europa (Sullivan & Baruch, 2009; Poon, Briscoe, Abdul-Ghania & Jones, 2015). A efectos de este estudio, identificaremos como occidentales al conjunto de países con características WEIRD. Con el fin de explicar el éxito de carrera objetivo, la teoría de capital humano ha sido muy utilizada en contextos occidentales (Becker, 1962; Judge, Cable, Boudreau, & Bretz, 1995; Ng, Eby, Sorensen, & Feldman, 2005; Sullivan, & Baruch, 2009; Forstenlechner, Selim, Baruch, & Madi, 2014). Sin embargo, la literatura sobre la influencia del capital humano en el éxito de carrera desarrollados en contextos no occidentales ha ofrecido resultados diversos.

Al ser las posiciones de Directores Generales (CEOs) las más influyentes en las jerarquías corporativas, los indicadores de éxito de carrera de los mismos conciernen no sólo a la persona sino también a las organizaciones y sociedades (Koyuncu, Hamori & Baruch, 2017). A pesar de la relevancia de la temática, la literatura sobre capital humano y éxito de carrera objetivo en CEOs que trabajan en firmas latinoamericanas es limitada.

#### Objetivos y resultados

En consecuencia, este trabajo tiene por objetivo examinar la influencia de las variables de capital humano –educación y experiencia– sobre el *time to the top* de los CEOs que trabajan en empresas de origen latinoamericano. *Time to the top* refleja la cantidad de años que les lleva a los ejecutivos ser designados como CEOs desde el inicio de sus carreras

profesionales (Hamori & Kakarika, 2009) y es un indicador empleado con frecuencia en estudios de carrera de CEOs (Koyuncu *et al.*, 2017). Por ello, utilizaremos el *time to the top* como indicador de éxito de carrera objetivo y emplearemos el marco teórico ofrecido por la teoría del capital humano.

Estudiaremos, también, la influencia de las variables de capital humano en el *time to the top* en los CEOs que trabajan en empresas latinoamericanas de origen familiar y sin origen familiar. Entendemos que este es el primer estudio en explorar la influencia del capital humano en la velocidad de acceso a la cima de los ejecutivos en este tipo de empresas. Nuestro foco se justifica en la importancia de las empresas familiares en la economía latinoamericana (Schneider, 2009/2013); de hecho, estas empresas juegan un rol central en la economía latinoamericana, generando el 60% del producto bruto de la región y empleando el 70% de la fuerza de trabajo (Ernst & Young, 2017). Además, gran parte de lo que sabemos está basado en empresas familiares de América del Norte y Europa (De Massis *et al.*, 2012).

Con la información obtenida en los diferentes análisis, podremos concluir si la teoría de capital humano es aplicable o no a las carreras de CEOs en firmas de origen latinoamericano. Además, al analizar educación y experiencia en su vinculación con el *time to the top*, exploraremos tanto variables ya propuestas por la literatura como otras nuevas (estudios de posgrado en instituciones de elite en el extranjero, puesto previo a la designación como CEO), e identificaremos variables moderadoras y factores vinculados con el contexto en el que estas carreras se han desarrollado.

Consideramos que este estudio resulta relevante no sólo porque América Latina es una región con pocas investigaciones en el ámbito de las carreras y la gestión de negocios (Aguilera, Ciravegna, Cuervo-Cazurra, & Gonzalez-Perez, 2017), sino también por su creciente importancia en la economía mundial y por sus características particulares.

En primer lugar, las economías latinoamericanas pueden ser descritas como economías de mercado jerárquicas (Schneider, 2009/2013). La jerarquía reemplaza al rol que los mercados o la coordinación estratégica juegan en las economías avanzadas, y se refiere al control que las grandes empresas ejercen sobre la economía en la región. Esta forma de capitalismo, diferente de aquellas identificadas en otros países desarrollados y en desarrollo, se caracteriza por la concentración de la mayor parte de la producción y crédito tanto en las

corporaciones multinacionales como en los grandes conglomerados familiares, la presencia de mercados laborales fragmentados, un gran sector informal de trabajo, y sistemas educativos deficientes.

En segundo lugar, América Latina sigue siendo la región más desigual del mundo: los hogares más ricos ganan 25 veces más que los hogares más pobres. Y la región es también desigual en cuanto al acceso a la educación y los servicios básicos (FMI, 2014).

Finalmente, en términos culturales, los países latinoamericanos constituyen un grupo cultural GLOBE (House *et al.*, 2004) que comparte dimensiones culturales y que, al mismo tiempo, se diferencia de otros grupos. En efecto, la cultura puede influenciar las carreras al afectar las percepciones y creencias individuales y puede, también, reflejarse en los valores arraigados en las prácticas organizacionales de recursos humanos (Khapova *et al.*, 2012; Thomas & Inkson, 2007). Por lo tanto, esperamos que estos factores institucionales y culturales propios influyan, de manera particular, en la dinámica de carrera de los CEOs en empresas latinoamericanas.

En línea con estudios previos (Hamori & Kakarika, 2009; Hamori & Koyuncu, 2011), hemos empleado una estrategia de investigación cuantitativa. La muestra final está compuesta por 169 empresas que integran las 300 firmas top – parte de las 500 empresas más grandes en América Latina- y las 100 multilatinas top. Ambos rankings son ofrecidos por América Economía (2014a, 2014b). Por una parte, para cada empresa, consideramos las ventas anuales en dólares, la edad de la firma, su industria, si era una empresa familiar o no, si era multilatina o no y el país de origen del capital. Por otra parte, hemos construido un conjunto de datos a nivel CEO, o sea, una observación por persona, empleando información proveniente de diferentes fuentes secundarias.

Frente a una literatura con resultados dispares, los resultados no han evidenciado la influencia de un mayor nivel educativo en el *time to the top* para la totalidad de la muestra; sin embargo, un mayor nivel educativo demora el ascenso a la cima en las empresas familiares. Asimismo, la educación de posgrado de elite en el extranjero acelera el *time to the top* para los CEOs no integrantes de la familia que trabajan en empresas familiares. En relación con la experiencia, en línea con estudios occidentales, una carrera más tradicional, con una mayor especialización en la firma o habiendo invertido la totalidad de la carrera en

una única empresa, es recompensado a través de una mayor velocidad de carrera hacia el rol de CEO. Un mayor número de asignaciones internacionales demora el *time to the top*, también en línea con estudios previos occidentales. A su vez, la cercanía de los destinos de las asignaciones a Casa Matriz generando un menor *time to the top*, no obtuvo evidencia empírica, evidenciando diferentes carriles de carrera en las empresas latinoamericanas respecto de multinacionales occidentales. Haber desempeñado un rol Corporativo como puesto previo a ser designado CEO acelera el camino a la cima en empresas multilatinas (empresas multinacionales de origen latinoamericano). Finalmente, las empresas familiares ofrecen un carril más rápido al puesto de CEO que las empresas no familiares y, los CEOs miembros de la familia llegan más rápido que aquellos no familiares. En las empresas familiares, la influencia de la educación y la experiencia en el *time to the top* difiere entre los CEOs que son miembros de la familia y aquellos que no lo son.

## **Conclusiones**

Los resultados obtenidos contribuyen a distintas ramas de la literatura: capital humano, carreras, gestión internacional y empresas familiares en América Latina. Los mismos ofrecen soporte parcial a la teoría de capital humano -educación y experiencia-. Al encontrarse las carreras socialmente imbricadas en el ámbito institucional y económico, su análisis requiere la consideración del contexto (Mayrhofer, Meyer, & Steyrer, 2007). Nuestros resultados reflejan la importancia de factores culturales, socioeconómicos e institucionales que influyen en la velocidad a la cima en las carreras de los CEOs en empresas latinoamericanas. Podemos mencionar, entre otros, la relevancia y dinámica de las empresas familiares en la economía latinoamericana, el proceso de transferencia del aprendizaje idiosincrático en las empresas familiares, el acceso desigual a la educación, la importancia de los estudios universitarios de grado en instituciones de elite, el bajo desempeño de las universidades locales/regionales, las variables culturales de colectivismo y familismo así como la importancia de la confianza y las relaciones personales para fortalecer el capital social y construir capital humano específico. Por otra parte, el hecho de ser o no integrante de la familia constituye una variable que no es frecuentemente considerada en la literatura de carreras para explicar éxito de carrera. Sin embargo, la misma juega un rol central en la comprensión de las carreras en la región por la importancia de las empresas familiares en América Latina. Finalmente, en términos prácticos, entendemos que la identificación de factores que predicen un camino más

rápido a la cima es relevante para las organizaciones, pues contribuye a los procesos de selección y desarrollo de sus altos potenciales, especialmente en tiempos en las que las mismas están intentando ser ágiles (caracterizadas por adaptabilidad, velocidad y ejecución) y se discute la contribución de Recursos Humanos en ese proceso. Por otra parte, a nivel individual, es igualmente importante pues, al contar las personas con información sobre los predictores de éxito de carrera, la misma facilitará/ mejorará la toma de decisiones sobre la gestión de sus propias carreras.

## SUMMARY

### Human capital and career success of CEOs working for Latin American firms

#### Introduction

While a significant number of studies have emphasised the contextual nature of careers (Mayrhofer & Schneidhofer, 2009; Sullivan & Baruch, 2009), most of them have assumed, implicitly, the existence of universal career success predictors (Briscoe, Hall, & Mayrhofer, 2012). Indeed, “the greater part of career research has been carried out within single countries from the WEIRD region (Western, Educated, Industrialized, Rich, and Democratic Henrich, Heine, & Norenzayan, 2010)” (Gunz & Mayrhofer, 2017, p.245). Other authors confirm that most of the studies were undertaken in the Western world, understood as United States, Australia, and Europe (Sullivan & Baruch, 2009; Poon, Briscoe, Abdul-Ghania & Jones, 2015). For the purposes of this study, we will address the group of countries with WEIRD characteristics as Western. In order to explain objective career success, human capital theory is widely used in Western settings (Becker, 1962; Judge, Cable, Boudreau, & Bretz, 1995; Ng, Eby, Sorensen, & Feldman, 2005; Sullivan, & Baruch, 2009; Forstenlechner, Selim, Baruch, & Madi, 2014). Nevertheless, empirical studies about the influence of human capital upon career success in non-Western environments offer non-conclusive results.

As Chief Executive Officer (CEO) positions represent the most influential jobs in corporate hierarchies, CEO career success drivers concern not only the individual person but also organisations and societies (Koyuncu, Hamori & Baruch, 2017). Despite the great significance of the subject, literature on human capital and objective career success about CEOs working for Latin American firms is scarce.

#### Objectives and findings

Thus, this study aims to examine the influence of the human capital variables-education and experience- upon the time to the top of CEOs who work for Latin American firms. It relies upon the human capital theory framework and it will employ the *time to the top* as an indicator of objective career success. This indicator is understood as the number of years that

executives took to be appointed to their current CEO roles since the beginning of their professional careers (Hamori & Kakarika, 2009), and it is frequently employed in CEO career studies (Koyuncu, Hamori & Baruch, 2017).

We will also examine the influence of the human capital variables (education and experience) upon the time to the top in CEOs working for Latin American family and non-family firms. To our knowledge, this is the first study to explore the influence of human capital upon the velocity to reach the CEO role in this type of firms. Our focus on family firms is paramount given that Latin America is home to large and powerful family firms (Schneider, 2009/2013), in fact, family firms generate 60% of the Latin American GDP, and they employ 70% of the workforce (Ernst & Young, 2017). Besides, most of our knowledge is based on family firms from North America and Europe (De Massis *et al.*, 2012).

With the information obtained in these analyses, we will be able to conclude whether the human capital theory is applicable or not to CEO careers developed in firms originated in Latin America. In addition, while examining education and experience related to time to the top, we will explore some variables already proposed by the literature as well as new ones (elite foreign studies abroad, springboard role). We will also identify some moderator variables and factors related to the context where CEO careers have developed.

We consider that the Latin American context is appreciated not only because it is an under-researched region in career and management terms (Aguilera, Ciravegna, Cuervo-Cazurra, & Gonzalez-Perez, 2017), but also due to its increasing importance in the world economy and its unique characteristics.

Firstly, Latin American business systems can be described as hierarchical market economies (Schneider, 2009/2013). The hierarchy replaces the role that markets or strategic coordination may play in advanced economies, and it depicts the high control exerted by big firms in Latin America. This variety of capitalism, different from those identified in developed and other developing regions, is characterised by the concentration of most production and credit in multinational corporations and diversified family-owned business groups; a shortage of investment in education and training; and large informal labour markets.

Secondly, Latin America remains the most unequal region in the world: the richest households earn 25 times more than the poorest households. And the region is also highly unequal in terms of access to education and basic services (IMF, 2014).

Finally, in cultural terms, Latin American countries constitute a GLOBE cluster (House *et al.*, 2004) that shares similar cultural characteristics and, at the same time, differentiates those countries from the Anglo or the Latin/ German European groups. In fact, culture can influence careers by affecting individual perceptions, attitudes, and beliefs; and its influence is also reflected in values embedded in the organisational human resource management practices (Khapova *et al.*, 2012; Thomas & Inkson, 2007). Thus, we expect those institutional and cultural factors to influence CEOs career dynamics in a distinctive way.

In line with prior studies (Hamori & Kakarika, 2009; Hamori & Koyuncu, 2011), we used a quantitative research strategy. The final sample was composed of 169 firms which are part of the 300 of the 500 top firms headquartered in Latin America and the top 100 multilatinas. Both rankings are offered by America Economia (2014a, 2014b). On the one hand, for each corporation, we considered the annual total sales in dollars, age, industry, family firm or not, multilatina or not, and country of origin. On the other hand, for each CEO, biographical data were manually collected, and systematically crosschecked, from different sources.

Facing prior literature that offered inconclusive results, our findings regarding education, do not support the influence of a high educational level upon the time to the top in the Latin American environment as a whole; while, in family firms, a high educational level delays the time to the top. In turn, elite postgraduate studies abroad accelerate the time to the top for non-family member CEOs who work in family firms. Concerning the type of professional experience required to reach the CEO position in top corporations in Latin America, as in Western studies, findings reveal that a more traditional career, with higher firm specialisation or having spent the entire career in one organisation, does pay off in speed of ascent to the top position. Also in line with prior Western studies, a higher number of international assignments was found to delay the time to the top. In turn, the relevance of international assignment destinations closer to HQ found no support, evidencing different career paths in Latin American firms in comparison with Western MNCs. Taking into

account the springboard role, a Corporate role accelerates the way to the corner office in multinationals (Latin American multinationals). Finally, family firms in Latin America offer a faster path to the CEO role than non-family ones and, family CEOs get faster to the top than non-family ones. Results also highlight that, in family firms, the influence of education and experience upon the time to the top differ between family and non-family CEOs.

## **Conclusions**

Findings contribute to different strands of literature: human capital, career, international management and family business studies in Latin America. Our results offer partial support to the human capital theory -education and experience-. As careers are socially embedded in national economic and institutional environments, their analysis requires the consideration of context (Mayrhofer, Meyer, & Steyrer, 2007). Our results reveal the importance of cultural, socio-economic, and institutional factors that influence the velocity to the top of CEO careers in Latin American firms. Some of those factors are the relevance and dynamics of family firms in the Latin American economy, the idiosyncratic knowledge transfer process in family firms, the unequal access to education, the pre-eminence of elite undergraduate university institutions, the poor performance of local/regional universities, and some cultural dimensions (collectivism, *familism*, the importance of trust and relationships to strengthen social capital and build specific human capital). Moreover, kinship as a variable not frequently taken into account in the career literature to explain career success, plays a key role in understanding careers in the region, due to the relevance of family firms in the Latin American context. Finally, in practical terms, the identification of predictors of a faster way to the top is relevant to organisations, as it facilitates the recruitment and development processes of high potential candidates, especially in times when businesses are striving for agile organisations (characterised by the components of adaptability, speed, and execution) and the contribution of HR to the process is being discussed. In addition, these predictors may enhance individual career management decision-making processes in charge of executives.



## CHAPTER 1. INTRODUCTION

### 1. Introduction

What determines career success is a key question that has been of interest to researchers for a long time, and different approaches have been offered to explain it (Nabi 1999; Ballout, 2007). Career success is usually divided into objective and subjective components (Judge & Bretz, 1994; Judge, Cable, Boudreau & Bretz, 1995). The latter can be defined as individuals' subjective appraisal of their success, and it is usually expressed in terms of job, career, or life satisfaction (Gattiker & Larwood, 1988; Judge *et al.*, 1995), while the former is relatively neutral and observable, and it consists of highly tangible outcomes (Jaskolka, Beyer & Trice, 1985). Nevertheless, conceptualisations of career success differ when considering people from different countries (Briscoe, Hall & Mayrhofer, 2012), and cross-cultural research needs to assure that the concept under investigation is equally understood across cultures (Thomas & Inkson, 2007). Thus, in this study, we will focus on objective career success, precisely on the hierarchical position, as it allows a relatively easy comparison among countries (Demel, Shen, Las Heras, Hall & Unite, 2012).

In order to measure objective career success, functional (managerial) level, promotions, salary and salary progression are frequently used (Dries, Pepermans, Hofmans, & Rypens, 2009). Occupational status is a relevant indicator of career success in contemporary society (Gelissen & de Graaf, 2006), and one of the more universal signals across national contexts (Nicholson & De Waal-Andrews, 2005). Chief Executive Officers (CEOs) hold the highest position in the corporate ladder, and their careers paths are characterised by progressive steps upwards in one or more firms (Pérez Lizaur & Gándara Mendoza, 2001). Therefore, they could be considered, under the lenses of objective career success, a *successful* population.

In order to explain objective career success, human capital theory is widely used in Western settings (Becker, 1962; Judge *et al.*, 1995; Wayne, Liden, Kraimer & Graf, 1999; Ng, Eby, Sorensen & Feldman, 2005; Sullivan & Baruch, 2009; Forstenlechner, Selim, Baruch & Madi, 2014). The theory proceeds from the premise that individuals who invest the most in human capital attributes such as education, training, and experience are expected to display higher levels of work performance and, consequently, they will obtain higher organisational rewards (Becker, 1964).

While a significant number of studies have emphasised the contextual nature of careers (Mayrhofer & Schneidhofer, 2009; Sullivan & Baruch, 2009), most of them have assumed, implicitly, the existence of universal career success predictors (Briscoe *et al.*, 2012). Indeed, “the greater part of career research has been carried out within single countries from the WEIRD region (Western, Educated, Industrialized, Rich, and Democratic Henrich, Heine, & Norenzayan, 2010)” (Gunz & Mayrhofer, 2017, p.245). Other authors confirm that most of the studies were undertaken in the Western world- United States, Australia, and Europe (Sullivan & Baruch, 2009; Poon, Briscoe, Abdul-Ghania & Jones, 2015). For the purposes of this study, we will address the group of countries with WEIRD characteristics as Western. Empirical studies about human capital in non-Western environments, as China (Tu *et al.*, 2006), Taiwan (Chen, 2011), Malaysia (Rasdi, Ismaila & Garavan, 2011), Argentina, Brasil and Chile (Gallego & Larrain, 2012); and Ecuador (Hayek, Thomas, Novicevic & Montalvo, 2016) offer non-conclusive results.

Tu *et al.*, (2006), having examined Chinese managers, state that “Western models” cannot be applied unilaterally in non-Western contexts, since their findings do not support the education-salaries relationship. Conversely, Rasdi *et al.*, (2011), having analysed Malaysian managers conclude that human capital is the most powerful set of variables that explains objective career success. Chen (2011), in turn, having considered public relations practitioners in Taiwan, finds that the educational level and university subject do not predict objective career success but profesional experience does. Gallego and Larrain (2012), who examine different variables to explain the total compensation (as indicator of objective career success) of executives and CEOs working in Argentina, Brazil and Chile, identify no relationship between elite education and salaries. Finally, Hayek *et al.*, (2016), having analysed financial services employees of different organizational levels working in Ecuador, do not find support for the hypothesis that a greater accumulation of human capital generates better performance, and consequently, it will result on higher salaries (objective career success). Their findings indicate that individuals are more likely to achieve greater pay based on the symbolic value of their formal education than on enhanced performance, as posited by human capital theory.

Career success is of concern to individuals and organisations because employees’ personal success can ultimately contribute to organisational success (Judge, Higgins,

Thoresen & Barrick, 1999). Moreover, as CEO positions represent the most influential jobs in corporate hierarchies, CEO career success drivers concern not only the individual person but also organisations and societies (Koyuncu, Hamori & Baruch, 2017).

Despite the great significance of the subject, literature on human capital and objective career success about CEOs working for Latin American firms is scarce. Exception made of the aforementioned findings of Gallego and Larrain (2012), who identified no relationship between elite education and salaries in Argentine, Brazilian and Chilean CEOs, extant studies focus on some human capital components, but they do not relate them to career success, and they consider national samples (Pérez Lizaur & García Chagoyán, 2006; Herrera, Balderas Flores & Chapa Cantú, 2012; Pohlmann & Valarini, 2013). Therefore, in the following chapters, we will examine the influence of education and experience, as human capital variables, upon the time to the top for CEOs working for Latin American firms. Time to the top is defined as the number of years that executives took to be appointed to their current CEO roles since the beginning of their professional careers (Hamori & Kakarika, 2009). It is an indicator of objective career success that is frequently employed in CEO career studies (Koyuncu, Hamori & Baruch, 2017). To our knowledge, no prior studies have analysed the human capital indicators as career success antecedents in CEOs working for Latin American firms.

We regard the CEOs working for Latin American firms as an ideal sample as the analysis of careers and its antecedents requires a consideration of context (Mayrhofer, Meyer & Steyrer, 2007). Moreover, as careers embody actors' movements through a social structure over time (Becker & Strauss, 1956), they form the link between person, organisation and society. Thus, the Latin American context is appreciated not only because it an under-researched region in career and management terms (Aguilera, Ciravegna, Cuervo-Cazurra & Gonzalez-Perez, 2017), but also due to its increasing importance in the world economy. In 2012, Latin America's total GDP was US\$5.34 trillion (World Bank, 2013) while it is projected to be US\$15 trillion by 2025 (Global Information, 2012). Additionally, regarding organisations, Latin American multinational firms (multilatinas) are now among the global players in several industries (Cuervo-Cazurra, 2008; Guillén & García-Canal, 2009), and it is well known that the country of origin of MNCs (Ferner, 1997) exerts an important effect on human resource policies that, in turn, may influence CEO careers.

Furthermore, Latin America seems an attractive sample to be researched due to its unique characteristics. Firstly, Latin American business systems can be described as hierarchical market economies (Schneider, 2009/2013). The hierarchy replaces the role that markets or strategic coordination may play in advanced economies and it depicts the high control exerted by big firms in Latin America. This variety of capitalism, different from those identified in developed countries and other developing regions, is characterized by the concentration of most production and credit in multinational corporations and in diversified family-owned business groups; a shortage of investment in education and training; and large informal labour markets.

Secondly, Latin America remains the most unequal region in the world: the richest households earn 25 times more than the poorest households. And the region is also highly unequal in terms of access to opportunities such as education and basic services (IMF, 2014).

Finally, in cultural terms, Latin American countries constitute a GLOBE cluster (House *et al.*, 2004) that shares similar cultural characteristics and, at the same time, differentiates those countries from the Anglo or the Latin/ German European groups. In fact, culture can influence careers by affecting individual perceptions, attitudes, and beliefs and its influence is also reflected in values embedded in the organisational human resource management practices (Khapova *et al.*, 2012; Thomas & Inkson, 2007). Thus, we expect those institutional and cultural factors to influence CEO career dynamics in a distinctive way.

In addition to examining the influence of education and experience upon the time to the top for CEOs working for Latin American firms, we will examine this relationship in CEOs working for family and non-family firms, and in family and non family member CEOs. Our focus on family firms is very important as we have already mentioned that Latin America is home to large and powerful family firms (Schneider, 2009/2013). Indeed, family firms play a key role as regional economic activities are estimated to depend mainly on them (Basco, 2015). They generate 60% of the region GDP, and they employ 70% of the workforce (Ernst & Young, 2017). Family firms represent an important percentage of firms in countries like Argentina (65%), Brasil (90%), Chile (75%), Colombia (70%) and Mexico (95%), and they have a significant impact in their economies (Müller *et al.*, 2018). Besides, most of our knowledge about family firms is based on companies from North America and Europe (De

Massis *et al.*, 2012). Then, in line with Sánchez Marín, Carrasco Hernández, Danvila del Valle and Sastre Castillo (2016), we will examine family-owned and managed firms (high concentration of ownership and management in the hands of the family), professionally managed family firms (family owners with management in the hands of non-family members), and non-family firms (ownership and management in the hands of non-family members).

Research on managerial careers in family firms is still scarce (Salvato, Minichilli & Piccarreta, 2008), and family business literature has not devoted much attention to human capital (Dawson, 2012). Considering family business studies in Latin America, 78 percent of them focus on succession, strategic management, performance, entrepreneurship and corporate governance (Parada, Müller & Gimeno, 2016). Hence, in spite of its relevance, studies focused on human capital, CEOs and time to the top in Latin American family firms are limited. Gallego and Larrain (2012), and Mullins and Schoar (2016), examined the human capital variables in CEOs working for Latin American family and non-family firms. While the former explored the educational background in professional Argentinean, Brazilian and Chilean CEOs working in family and non-family firms and its impact on salaries, the latter studied the educational background and experience of CEOs working in family and non-family firms, in emerging economies, including some Latin American countries. Thus, to our knowledge, no studies have examined human capital variables and its influence upon the time to the top in CEOs working for Latin American family and non-family firms.

Our work contributes to different strands of literature. Firstly, considering the non-conclusive results of prior non-Western studies, we add to the human capital theory by studying the relationship between education, experience and time to the top in CEOs working for Latin American firms in order to determine the validity of the human capital theory in the Latin American environment. In addition, when examining education and experience related to time to the top, we will explore some variables already proposed by the literature as well as new ones (elite foreign studies abroad, springboard role).

Secondly, we address the call to expand research on careers across cultural contexts (Khapova, Vinkenburg & Arnold, 2009), specifically in understudied settings (Sullivan & Baruch, 2009), providing empirical evidence about the educational and professional

background of CEOs leading Latin American firms. We also contribute to identify some of the contextual socio-economic, cultural and institutional factors that influence CEO careers in Latin America.

Thirdly, having studied the influence of those variables upon CEO careers in family and non-family owned firms, we also contribute to the family firm literature in Latin America, which constitutes a scarcely used context in family business studies (Parada, Muller & Gimeno, 2016). In addition, our study answers the call to provide information about non-family executives in family firms about their educational and professional backgrounds and to allow international comparisons (Klein & Bell, 2007), since little is known about the characteristics family firms prefer in non-family members (Tabor *et al.*, 2018).

Finally, we also add to the career literature, highlighting the key institutional and cultural factors that influence CEO careers in Latin American family and non-family firms.

In practical terms, the identification of predictors of career success is relevant to organisations, as it facilitates the recruitment and development processes of high potential candidates, especially in times when businesses are striving for agile organisations (characterised by the components of adaptability, speed, and execution) and the contribution of HR to the process is being discussed (Cappelli & Tavis, 2018). In addition, these predictors may enhance individual career management decision-making processes in charge of CEO candidates.

## **1.1 Research objectives and questions**

The overall goal of this research is to examine the influence of human capital indicators –education and experience–upon the time to the top in CEOs of Latin American firms. We will also examine the influence of the human capital variables (education and experience) upon the time to the top in CEOs working for Latin American family and non-family firms. To our knowledge, this is the first study to explore the influence of human capital variables upon time to the top in this geographical context and considering the division in this type of firms. We have already mentioned that our focus on family firms is explained by the fact that Latin America is home to large and powerful family firms (Schneider, 2009/2013) and most

of our knowledge is based on family firms from North America and Europe (De Massis *et al.*, 2012).

With the information obtained, we will be able to conclude whether the human capital theory is applicable to CEO careers developed in firms originated in Latin America. We do not assume that forging a career in firms from emerging nations is the same as that from WEIRD nations. In addition, while we analyse the influence of education and experience we will explore some variables suggested by the literature as well as new ones (elite foreign studies abroad, springboard role), and we will also identify some moderator variables and factors related to the context where CEO careers have developed.

In order to fulfill the general research objective, we will study the influence of education upon the time to the top in chapter four, the effect of experience in chapter five and, the impact of both human capital variables on CEOs working for family and non-family owned firms in chapter six. Thus, several research questions were developed:

#### **Chapter 4. Educational credentials and career success of CEOs of Latin American firms**

- Does the accumulation of generic human capital, manifested in the highest educational degree obtained, reduce the time to the top? The influence of certain undergraduate subjects, elite undergraduate degrees, and graduate degrees from foreign elite institutions upon the time to the top will also be examined.
- Is the influence of a high educational level upon the time to the top stronger in multilatinas than in domestic firms?
- Does the capital ownership (family or non-family firms) moderate the relationship between educational level and time to the top?

#### **Chapter 5. Does experience accelerate the route to the top? Evidence from CEOs working for Latin American firms**

- Does a more traditional career model reduce the time to the top in CEOs working for Latin American firms?

- Does the firm's multinational status (multilatinas or domestic firm) moderate the relationship between international experience and time to top?
- Does the number of international assignments increase the time to the top in CEOs working for Latin American firms? Does expatriation to the Latin American region reduce the time to the top in comparison with other international destinations?
- If promoted, do specific positions, as key springboards to the CEO role, influence the career velocity to the top?

**Chapter 6. Does the owner of the ball always get to play? Human capital indicators as career success antecedents in CEOs working for Latin American family and non-family firms**

- Is time to the top different for CEOs working in Latin American family and non-family firms? And for family and non-family CEOs in family firms?
- Which is the influence of the human capital variables (education and lifetime experience) upon the time to the top in CEOs working for family firms?
- Considering the information obtained, is the human capital theory applicable in a similar way to family and non-family CEOs working for family firms or do different patterns/logics prevail in each group?

**1.2 Research design and methodology**

We used a quantitative research strategy, in line with prior studies (Hamori & Kakarika, 2009; Hamori & Koyuncu, 2011), as it was aimed to understand the influence of the human capital variables –education and experience– upon the time to the top. The research design is discussed in detail in Chapter 3.

**1.2.1 Sample**

The initial sample consisted of the 300 of the 500 top firms headquartered in Latin America and the top 100 multilatinas. Both rankings are offered by America Economía (2014a, 2014b). The final sample was composed of 169 firms.

### **1.2.2 Data collection**

For each corporation, we considered the annual total sales in dollars, age, industry, family firm or not, multilatina or not, and country of origin. The data came from America Economia (2014a, 2014b), while the year of foundation was obtained from company websites.

For each of CEO, biographical data were manually collected, and systematically crosschecked, from different sources: firms' annual reports, company websites, business web pages. The use of secondary data seemed the most appropriate strategy as our target population (CEOs) would unlikely answer surveys (Cycyota & Harrison, 2006).

### **1.2.3 Analytical procedures**

Following prior literature (Hamori & Kakarika, 2009; Hamori & Koyuncu, 2011), we used hierarchical multiple regressions to test our hypotheses through SPSS 20. Prior to regression, we run correlation analyses. In addition, independent t-tests as well as Mann-Whitney U tests were also run to explore some of the hypotheses.

## **1.3 Dissertation structure**

This study is organized in seven chapters. In the introductory chapter (chapter 1) the rationale for this study is explained, and an overview of the thesis is provided. It starts off by presenting the context within which the study was conducted as well as its objectives. Finally, an overview of the research strategy and statistical procedures are presented.

Chapter 2 outlines the general theoretical background used in this study: human capital theory and career success. This study also draws upon the social capital theory in some chapters, while elite theory is considered in chapter 4, and the agency theory, in chapter 6.

In chapter 3, the methodology, the data collection strategy, and the tests used to validate the hypotheses are stated. In addition, some descriptive results are shown.

In chapter 4, in order to fulfill the main objectives of this study, the influence of education as well as some moderator variables (family or non-family owned firm/ multilatina or domestic firm) upon time to the top will be examined.

In turn, in chapter 5, the influence of experience as well as some moderator variables on the time to the top (multilatinas or domestic firms and international experience) will be studied.

The influence of education and experience upon time to the top in CEOs working for family and non-family owned firms, as well as in family and non-family CEOs, will be analysed in chapter 6. The content of chapters 4, 5 and 6 is summarized in Table 1.1. Finally, in chapter 7, conclusions are drawn, recapitulating the objectives of the thesis. Limitations and managerial implications are pointed out, and directions for further research are suggested.

**Table 1.1.** Contents of chapters 4, 5 and 6

<p><b>Chapter 4</b></p>	<p><b>Educational credentials and career success of CEOs of Latin American firms</b></p> <p>In this chapter we will test hypotheses that rely upon literature about career success (time to the top), elite theory and human capital offered by educational institutions. We will explore:</p> <ul style="list-style-type: none"> <li>• Influence of high educational level (undergraduate and graduate studies) on the time to the top for individuals aiming to become CEOs</li> <li>• Influence of undergraduate subjects (Engineering and Business) on the time to the top</li> <li>• Influence of elite undergraduate studies and foreign graduate studies on the time to the top</li> <li>• Moderator effect of multilatinas vs domestic firms and family vs non family firms</li> </ul>
<p><b>Chapter 5</b></p>	<p><b>Does experience accelerate the route to the top? Evidence from CEOs working for Latin American firms</b></p> <p>In this chapter we will test hypotheses that draw upon literature about career success (time to the top), types of careers (traditional and boundaryless), and international human resource management. We will examine:</p> <ul style="list-style-type: none"> <li>• Influence of the traditional career (firm specialisation, number of employers, lifetime CEOs -those who worked for just one firm) on the time to the top</li> <li>• Influence of international experience on the time to the top and the impact of assignment destinations</li> <li>• Influence of the prior role to be promoted (Corporate or Divisional) on the time to the top</li> <li>• Moderator effect of multilatinas vs domestic firms</li> </ul>
<p><b>Chapter 6</b></p>	<p><b>Does the owner of the ball always get to play? Human capital indicators as career success antecedents in CEOs working for Latin American family and non-family firms</b></p> <p>In this chapter we will test hypotheses that draw upon literature about career success (time to the top), family firms and signalling theory. We will study:</p> <ul style="list-style-type: none"> <li>• Time to the top in family and non-family firms, and in CEOs working for family firms who are family members and those who are not</li> <li>• Influence of human capital variables (high educational level, elite graduate studies abroad, organisational tenure and lifetime CEOs) on the time to the top in family firms for CEOs who are family members and those who are not</li> </ul>

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## CHAPTER 2. GENERAL THEORETICAL FRAMEWORK

Career is a construct with multiple meanings (Hall, 2002). In line with the objective/external approach (Schein, 1980), careers are defined as patterns of roles or offices, examined over an extended period of time. In turn, careers have also been viewed as both the objective patterns of roles and the subjective experience of the individual, being described as: “*an individually perceived sequence of attitudes and behaviours associated with work-related experiences and activities over the span of the person’s life*” (Hall, 2002, p. 12). These two sides, objective and subjective, are seen to be persistently dependent, and this interdependence occurs over time (Lawrence, 1996).

When we do research on careers we study a career actor, the time over which the career takes place, and the context in which the career happens (Gunz & Mayrhofer, 2015). Nevertheless, most of the career literature focuses, largely, upon the careers of individuals and the influencing factors mainly connected to the person and his/her immediate background, disregarding the broader context within which careers are developed (Gunz, Mayrhofer & Tolbert, 2011). It is typically assumed that “career” is a universally-shared concept. Nevertheless, work and careers are embedded in national economic and institutional environments (Mayrhofer, Meyer & Steyrer, 2007) which are decisive for individual career paths as well as for career patterns of larger groups, especially within an occupation. Careers potentially influence individual, group, organisational and societal levels and, in turn, are influenced by those levels (Iellatchitch, Mayrhofer & Meyer, 2003). Thus, context is crucial to an understanding of careers (Gunz, Mayrhofer & Tolbert, 2011).

As it was already mentioned in the Introduction, most of the studies about career success were undertaken in the WEIRD/ Western world (Gunz & Mayrhofer, 2017; Sullivan & Baruch, 2009; Poon, Briscoe, Abdul-Ghania & Jones, 2015). The career literature has seriously undervalued the weight of cross-cultural differences in describing and explaining career phenomena (Chudzikowski *et al.*, 2009). In order to explain objective career success, human capital theory is widely used in Western settings; nevertheless, as it was pointed out previously, the non-WEIRD/ Western human capital studies offered non-conclusive findings. Hence, what makes this study distinctive and valuable is that it examines the influence of the

human capital variables –education and experience–upon the time to the top of CEOs who have developed their careers in an under researched societal and organisational context: Latin America and Latin American firms.

Career success, which is a topic central to career studies, has attracted considerable attention from researchers, and different approaches have been offered to explain it (Nabi 1999; Ballout, 2007). Firstly, the individual approach relies on human capital and motivational theories (Ballout, 2007). Individual predictors include, among others, demographic profile (Gattiker & Larwood, 1990; Judge, Cable, Boudreau & Bretz, 1995); cognitive skills (Ng & Feldman, 2010); general mental ability and human capital (Judge, Klinger & Simon, 2010); human capital (Becker, 1964; Tharenou, Latimer & Conroy, 1994; Judge *et al.*, 1995); motivation (Traavik & Richardsen, 2010); self-efficacy (Stajkovic & Luthans, 1998); social capital (Grimland, Vigoda-Gadot & Baruch, 2012), and personality traits (Boudreau, Boswell & Judge, 2001; Judge & Kammeyer-Mueller, 2007).

Secondly, the structural approach outlines that specific organisational characteristics may enhance or hinder individual career progress (Ballout, 2007). As structural antecedents can be mentioned, among others, the supervisor-subordinate relationship (Wayne, Liden, Kraimer & Graf, 1999), mentoring (Whitely, Dougherty & Dreher, 1991), and the employer developmental support (Maurer & Chapman, 2013).

Thirdly, the behavioural approach posits that individuals have certain control over their career choices, and they can therefore assess their career prospects and implement appropriate career plans that contribute to career success (Greenhaus *et al.*, 2000). These predictors include, among others, career commitment (Ballout, 2009), networking initiatives (Wolff & Moser, 2009), proactivity (Seibert, Crant & Kramier, 1999), and political influence behaviours (Gould & Penley, 1984; Judge & Bretz, 1994).

Finally, research studies indicate that contextual antecedents do influence career success. They include, among others, family (Lirio *et al.*, 2007), luck (Mitchell, Levin & Krumboltz, 1999), the macroeconomic situation, and the legal and social environment (Feldman & Ng, 2007).

Taking into account all these streams of research, our study falls into the individual approach.

Career success can be defined as “*the accomplishment of desirable work-related outcomes at any point in a person’s work experiences over time*” (Arthur, Khapova & Wilderom, 2005, p. 179). It was already mentioned that career success is typically divided into objective and subjective components (Judge & Bretz, 1994; Judge *et al.*, 1995). The latter is understood as individuals’ subjective appraisal of their success, and it is frequently expressed in terms of job, career, or life satisfaction (Gattiker & Larwood, 1988; Judge *et al.*, 1995). The individual’s subjective career success can be either self-referent, including career or job satisfaction that is measured by personal standards, or other-referent, such as the comparisons of personal career with an external reference group or another person (Abele & Spurk, 2009). In turn, objective career success refers to accomplishments or observable outcomes that can be measured and verified by others (Judge *et al.*, 1995). Objective and subjective career success are empirically, operationally, different, and they originate potentially different predictors (Ng, Eby, Sorensen & Feldman, 2005). In this study, in line with Hogan, Chamorro Premuzic & Kaiser (2013), we will focus on objective career success since it provides a more consistent criterion for making generalisations.

Functional (managerial) level, promotions, salary and salary progression are frequently used for measuring objective career success (Judge & Kammeyer Mueller, 2007; Dries, Pepermans, Hofmans & Rypens, 2009). Regarding CEO career studies, several objective success indicators were employed: *time to top* or the time it takes to reach the CEO focal position (Cappelli & Hamori, 2005; Hamori & Kakarika, 2009), compensation (Carpenter, Sanders & Gregersen, 2001; Gallego & Larrain, 2012), and appointment to the CEO position (Salvato, Minichilli & Piccarreta, 2012). Ng *et al.*, (2005) state that career success indicators emerge as conceptually different constructs. The authors suggest the development of specific approaches to predict a precise aspect of career success. Hence, in this study, we will focus upon one specific aspect of career success, the hierarchical position, since it permits a relatively easy comparison among countries (Demel, Shen, Las Heras, Hall & Unite, 2012), and it is one of the most universal signals through national contexts (Nicholson & De Waal-Andrews, 2005). We will employ the time to the top as its indicator, understood as the number of years that executives took to be appointed to their current CEO roles since the beginning of their professional careers (Hamori & Kakarika, 2009).

It was previously mentioned that human capital theory is widely used in Western settings to explain objective career success (Becker, 1964; Judge *et al.*, 1995; Tharenou, 1997; Wayne *et al.*, 1999; Ng *et al.*, 2005). It suggests that efforts to develop knowledge, skills, and abilities will increase individuals' productivity, and that value will be rewarded with higher status and pay (Becker, 1975). According to this theory, career success and progress depend upon the quantity and quality of assets the individual offers to the labour market (Becker, 1964). Indeed, human capital theory fuels the idea that employees' knowledge and skills can be developed through investment in education or training (Hatch & Dyer, 2004). Consequently, individuals make choices about which productivity-enhancing activities to undertake in order to maximize future benefits (Gimeno, Folta, Cooper & Woo, 1997).

Human capital is traditionally divided into generic and specific (Becker, 1975). The first one refers to skills and practical experiences gained through formal education, such as educational level or professional qualifications. This type of human capital is deployable across multiple and varied contexts (Hatch & Dyer, 2004; Le, Kroll & Walters, 2013). The educational level as well as the quality of the education received tend to enhance the generic human capital, and consequently, the individual becomes a more attractive candidate in the labour market. Becker (1964) posits that investments in education and training will improve productivity; however, the type of training determines who will pay for it, that is, the employee or the firm.

In contrast, the specific human capital comprises the accumulation of skills and knowledge necessary to perform a specific task, having a limited scope of application to a particular organisation's activity, and across similar contexts. In practice, years of experience requirements are often used in selection, promotion, and compensation processes as an indication of an individual's skills and abilities (Ash & Levine, 1985). Nevertheless, it is worth pointing out that the fact of having been exposed to the experience does not necessarily imply that the person has learned. The learning curves and the time required to become an expert vary greatly among employees and jobs (Hoffman, Jacobs & Gerras, 1992). Moreover, some situations and work experiences may inhibit the on-the-job learning process (McCall, 2004).

According to Becker (1975), managerial skills could be classified as (1) general, (2) industry specific, and (3) firm specific. The amount of human capital investment in generic or specific skills will leverage or limit the mobility of a person in the labour market.

In the first case, investments in generic skills (those that are easily deployable to a broad variety of organisations) tend to increase individuals' job mobility within the same occupation or industry (Fugate, Kinicki & Ashforth, 2004). Thus, employees will often be eager to make investments in general human capital (Becker, 1964), particularly when they operate in reasonably competitive labour markets (Molloy & Barney, 2015) because they can appropriate most of the value of this capital in such markets. Conversely, firms would be less willing to pay for general skills primarily because, in a competitive labour market, where workers receive their marginal product, they could never recoup their investments.

Specific human capital (e.g., industry experience, functional experience, general management experience) is hardly portable: managerial work is contextually dependent, unstandardised (Whitley, 1989), and work requirements vary considerably depending on the type or size of organisation, or industry. Industry-specific training can be understood as training which boosts the productivity of all other firms in the industry, but not outside the industry, such as skills acquired at vocational schools and via apprenticeships (Estevez-Abe, Iversen & Soskice, 2001).

Finally, firm specific human capital is developed and maintained internally by the firm itself. (e.g., context specific experience, firm specific procedures, routines, and practices) (Hatch & Dyer, 2004; Le *et al.*, 2013), and it may be only imperfectly deployable in other firms (Barney & Wright, 1998). It is contextually embedded within the firm and represents a more likely advantage for the firm because it is less transportable and consequently more difficult for other firms to appropriate (Lepak & Snell, 1999; Wright & McMahan, 1992). Becker (1964) argued that organisations would be more willing to share the costs of firm-specific training as it is valuable to the incumbent firm only.

In addition, the concept of task-specific human capital suggests that some of the human capital an individual acquires on the job is specific to the tasks being performed, as opposed to being specific to the firm (Gibbons & Waldman, 2004), since most specific job skills are learned from performing the work activities themselves.

Building on Becker's definitions, Ployhart and Moliterno (2011) distinguish between context-generic and context-specific human capital. The former is the capital that is tied to a broad domain and the latter is tied to a narrow domain. They offer as an example that the knowledge of accounting principles is context-generic, while knowledge of a client's specific accounting situation is context-specific. Context-generic human capital fits closely with the idea that firms, within a specific career, will value an accurate set of human capital (Iellatchitch *et al.*, 2003). Then, the human capital valued in a career could be transferred across organisations within the exact career.

While Becker argues that investment in education and training will improve productivity which, in turn, will bring higher rewards to the person, the signalling theory provides another explanation for those rewards. Spence (1973) argues that in most job markets, employers are not sure of the performance capabilities of an individual. Investments in education and experience provide a powerful signal to employers about the skills and capabilities of a candidate (Laing & Weir, 1999), and they reduce uncertainty about the candidates' future performance. More specifically, "*employers read education as a signal of productivity, but the content of the signal is determined by the pattern of the investment by individuals, and that, in turn, is determined, in part by the way it is rewarded in the market*" (Spence, 1976, p. 51). The education level of a person is taken as a proof of his/her ability to produce while, in fact, there is not necessarily a correlation between education and productivity. Thus, education may increase a person's wage without increasing his or her productivity per se (Blaug, 1976).

In the same vein, individuals with high performance records can send signals to organisations that they possess the human capital required to perform at a high level in the career (Fombrun & Shanley, 1990). When organisations are made aware of an individual's record of past performance, it reduces uncertainty about the individual (Spence, 1973). Labour markets work on the basis of such signals since human capital operates as a proxy for difficult-to-assess individual skills (Strober, 1990).

In addition, education and experience offer a competitive advantage to those individuals who hold them in comparison with those that have not incurred into the same level of investment (Forbes & Piercy, 1991). Then, signalling theory suggests that education/

experience may bring a higher reward to the individual without bringing any higher productivity to the firm and the country, while the human capital theory postulates that education increases a person's productivity in the workplace and, in turn, it leads to higher rewards for the person and the organisation. A considerable body of literature evidences a positive linkage between the development of human capital and performance at both the individual and organisational levels (Becker, 1993; Hitt, Biermant, Shimizu, & Kochhar, 2001; Hatch & Dyer, 2004; Crook, Todd, Combs, Woehr, & Ketchen, 2011; Crocker & Eckardt, 2014). It means that the individual, firm, and country will take advantage from this higher productivity stemming from education (Tan, 2014).

Foucault (1979, p. 219) points out that human capital represents two interrelated processes: *“one that we could call the extension of economic analysis into a previously unexplored domain, and second, on the basis of this, the possibility of giving a strictly economic interpretation of a whole domain previously thought to be non-economic”*. Indeed, this theory derives from the neoclassical school of thought in Economics which focuses on two core paradigms to explain social/economic phenomena: methodological individualism and rational choice theory (Tan, 2014). Nevertheless, decisions about giving up or carrying on education, for example, were shown not to be a completely rational process based on a meticulously calculated cost–benefit analysis, and they were impacted by peer pressure, parents' expectations and social class, or the desire to leave home (Jenkins, Jones, & Ward, 2001; Bowles & Gintis, 2002). After having reviewed the contents and limitations of the human capital theory, Tan (2014) posits that their opponents are far from developing a new rival theory that can replace it. He concludes that *“despite its shortcomings and imperfections, it would be fair to say that the human capital theory it is still a strong theory”* (p.436). And we can also add that Western literature offers strong empirical support to the human capital theory.

Research studies have shown that human capital variables are positively associated with objective career success indicators, such as salaries, number of promotions or career opportunities (Gould & Penley, 1984; Jaskolka, Beyer & Trice, 1985; Sicherman & Galor, 1990; Gattiker & Larwood, 1990; Tharenou, Latimer & Conroy, 1994; Judge *et al.*, 1995; Tharenou, 2001; Chenevert & Tremblay, 2002; Ng *et al.*, 2005; Ng & Feldman, 2010). Yet, as it was already mentioned, empirical studies in non-Western environments offer non-

conclusive results (Tu, Forret & Sullivan, 2006 in China; Chen, 2011 in Taiwan; Rasdi, Ismaila & Garavan, 2011, in Malaysia; Gallego & Larrain, 2012 in Argentina, Brasil and Chile; and Hayek, Thomas, Novicevic & Montalvo, 2016 in Ecuador).

Regarding CEO career success literature, some of the predictors involve, among others, CEO years of education (Cappelli & Hamori, 2005; Cappelli, Hamori & Bonet, 2014), functional background (Koyuncu, Firfiray, Claes & Hamori, 2010), organisational experience (Hamori & Kakarika, 2009), international experience (Carpenter, Sanders, & Gregersen, 2001; Hamori & Koyuncu, 2011; Suutari *et al.*, 2018), and CEO accumulated human capital (Salvato, Minichilli & Piccarreta, 2012). Most of the aforementioned predictors are embraced under the umbrella of human capital variables -education and experience-. In this study, as in most research on human capital (Morris, Snell & Bjorkman, 2016), we will address the human capital issue from an individual perspective since we study CEO careers.

#### *Human capital and social capital*

Whereas human capital is a quality within an individual, social capital is created between individuals (Burt, 1997). Social capital is the capital that develops from the relationships between people and among people (Nahapiet & Ghoshal, 1998) and it is owned jointly by the parties in the relationship (Burt, 1997). Other authors suggest that is a resource embedded in relationships (Tsai & Ghoshal, 1998), and it is developed through changes in relationships (Coleman, 1988). Bourdieu (1986, p.51), focusing on individuals as holders and recipients of social capital, defines it as *‘the aggregate of the actual or potential resources which are linked to possession of a durable network of more or less institutionalized relationships of mutual acquaintance and recognition ... which provides each of its members with the backing of the collectivity-owned capital, a “credential” which entitles them to credit, in the various senses of the word’*.

The value of human capital can influence the creation of social capital. When individuals possess sought-after knowledge, skills, or experience, they may have an advantage in developing or accessing valuable social networks (Granovetter, 1973; Levin & Cross, 2004). The abilities and skills of an individual that relate to career development can be strengthened or weakened by social capital (Seibert, Kraimer & Liden, 2001; Timberlake,

2005) Moreover, talented individuals were found to be successful due to their ability to develop, manage, and adapt their social networks during different stages of their career (Cross *et al.*, 2017).

In the career literature, the career capital comprises three ways of knowing (DeFillippi & Arthur, 1994): *knowing whom*, *knowing why* and *knowing how*, and some of them can related to human capital (knowing how) and social capital (knowing whom). First, *knowing-how* includes accumulated tacit and explicit knowledge, skills and technical expertise (DeFillippi & Arthur, 1994; Dickmann & Harris, 2005). Second, *knowing-why* relates to the individual's identity, career related choices, and the motivation and energy the person brings to the career (Inkson & Arthur, 2001). Knowing why capabilities are seen to lead to commitment that augments performance and learning. Third, *knowing-whom* includes the personal network, reputation and sources of information that are gathered on the career path. It consists of social relations within and external to the organisation and within a professional network, and social relations that are appropriate to the career. After having studied the film industry, Jones and DeFillippi (1996) added other career capital dimensions: *knowing where*, understanding where to enter the industry, where to train to remain within the industry of choice, and where to advance through identification and exploitation of relevant opportunities; *knowing what*, discerning industry dynamics; and *knowing when*, recognizing the best timing of roles, choices and activities. All these forms of career capital create an opportunity for employees to trade their skills on the intra- and interorganisational labour markets (Lamb & Sutherland, 2010).

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## CHAPTER 3. METHODOLOGY AND DESCRIPTIVE RESULTS

### 3.1 Research approach

The use of any specific research strategy in a research is greatly influenced by the nature of the observation under study. For this study we used a quantitative research strategy, understood as a research approach that “*emphasizes quantification in the data collection and analysis of data*” (Bryman & Bell, 2007, p. 26). This approach creates a link between theory and the observed phenomenon with particular attention focused on testing theories. The aim is to establish, confirm, or validate relationships and to develop generalizations that contribute to theory (Leedy & Ormrod, 2001). Quantitative research begins with a problem statement and involves a literature review, the formation of a hypothesis, and a quantitative data analysis.

### 3.2 Sample

An initial understanding of firms in Latin America is the list of the 500 largest companies in Latin America that is collected annually by América Economía (Aguilera, Ciravegna, Cuervo-Cazurra & Gonzalez-Perez, 2017). América Economía also identifies the 100 multilatinas that are most internationalized by a combination of several indicators of foreign economic activity. América Economía is a magazine that has published an annual ranking of the largest firms in Latin America since 1987.

In our study, the initial sample consisted of the 300 top firms headquartered in Latin America that are included in the list of the largest 500 firms in Latin America and the top 100 multilatinas. Both rankings (América Economía, 2014a, 2014b), have been previously used in studies about Latin American firms (Cuervo-Cazurra, 2008, 2016).

The top 500 list, unlike other rankings, such as Fortune in the US, includes both private and state-owned firms, ranked by sales (Cuervo- Cazurra, 2008). We chose to limit the study to the top 300 firms, since the only sources publicly available would be those of the most important firms. Due to security reasons, public information is rather restricted in Latin America. Moreover, many of the multilatinas are private firms, and are not obliged to offer

public information (Cuervo Cazorra, 2010). For this study, we did not consider the subsidiaries of foreign firms as we were interested in understanding the influence of human capital variables upon the time to the top only on CEOs working for Latin American firms. We also excluded the state-owned firms due to differences in the career dynamics (Musacchio, Pineda Ayerbe & García, 2015). Hence, the final sample was composed of 169 firms. In line with Georgakakis *et al.*, (2016), we ran several Kolmogorov–Smirnov tests in order to confirm that our final sample represents the target population. No significant differences were found between the final sample and the initial one in terms of total sales.

Regarding the sample size, the business elite is defined as the top 100 senior executives, or the top decile of the dominant segment of the business elite (Useem & McCormack, 1981). This sample size has been used in several CEO empirical studies (Cappelli & Hamori, 2005; Li, 2005; Hartmann, 2010; Salvato, Minichilli & Piccarreta, 2012; Ellersgaard, Larsen & Munk, 2013; Bühlmann, David & Mach, 2013; Koch, Forgues & Monties, 2015).

As to the possibility that time to the top might be related to unobserved factors that condition which executives reach the CEO role, we could not formally test this possibility with Heckman's (1979) tools to control for selectivity bias since, in line with Hamori and Kakarika (2009), we did not have information on executives who were not appointed as CEOs.

### **3.3 Data collection**

For each of CEO, biographical data were manually collected, and systematically crosschecked, from different sources: firms' annual reports, company websites, business web pages: Bloomberg, Forbes, CNN Expansion, Exame (Brazil), El Economista (Mexico), Ultimo Segundo (Brazil), among others. The use of secondary data seemed the most appropriate strategy as our target population (CEOs) would be unlikely to answer surveys (Cycyota & Harrison, 2006). This data collection strategy is usually employed to study CEOs (Li, 2005; Hamori & Koyuncu, 2011; Davoine & Ravasi, 2013; Koch *et al.*, 2015; Wai & Rindermann, 2015).

For each corporation, we considered the total annual sales in dollars, age, industry, family firm or not, multilatina or not, and country of origin. The data came from America

Economia (2014a, 2014b), while the year of incorporation was obtained from company websites. In addition, a dataset was constructed on each CEO, so as to have one observation per person. We collected the following basic information: CEO name, gender, nationality, kinship (family member or not), year of birth, type of degree (undergraduate or graduate), field of degree, year of bachelor graduation, name of awarding institutions, location where graduate degree was attained –regionally or abroad–, career history including the names of all organisations and tenure, year when the professional career started, prior role to the CEO appointment, international experience and destinations, and year of appointment to the current CEO post.

### **3.4 Measures**

#### **Dependent variable**

Time to the top has been proposed by the literature as the most suitable for calculating executives' speed of career advancement (Sheridan, Slocum, Buda & Thompson, 1990), and it has been widely used in prior studies (Cappelli & Hamori, 2005; Hamori & Kakarika, 2009; Salvato *et al.*, 2012; Koch *et al.*, 2015; Georgakakis *et al.*, 2016).

Time to top was calculated as the number of years between the beginning of the CEO professional career and the year he/she was appointed to the focal CEO position. If the year of the start of the CEO career was not available, in line with Georgakakis *et al.* (2016), we considered the year of bachelor graduation as the beginning of the career.

It is worth noting that previous studies have measured time to the top as the time to get to the CEO role in the current firm rather than in other companies in general (Cappelli & Hamori, 2005; Hamori & Koyuncu, 2011; Georgakakis *et al.*, 2016). To enable comparison with prior literature, we considered the time to get to the CEO role in the current firm as our dependent variable.

Regarding the independent, control and moderator variables, they will be described in each of the chapters. Most of the independent variables in this study are categorical. Categorical variables require special attention in regression analysis as they need to be

recoded to be entered into the model. In each of the chapters the characteristics of the variables as binary or dummy variables are described.

### **3.5 Analytical procedures and descriptive results**

#### **3.5.1. Analytical procedures**

Initially, we carried out a descriptive analysis of the sample, using means and standard deviations, and some of the results can be found below (see 3.5.2. Descriptive results)

Prior to regression, we run correlation analyses, which can be defined as statistical tests to establish patterns for two variables (Creswell, 2003), measuring the strength of association between them. We run them in order to identify which, if any, of the explanatory variables were very highly correlated and to avoid the multicollinearity problem (Tranmer & Elliot, 2008).

We used hierarchical multiple regressions to test our hypotheses, following previous studies in the field (Hamori & Kakarika, 2009; Hamori & Koyuncu, 2011), and employed SPSS20. Regressions were carried out to investigate the relationship between the dependent variable, time to top, given a set of explanatory variables: education (chapter 4), experience (chapter 5), and education and experience for family CEOs (chapter six). Multiple regression models describe how a single response variable depends linearly on a number of predictor variables (Pérez López, 2005). Following Hamori & Kakarika (2009), who is the leading author regarding time to the top/career studies, we show unstandardized coefficients in the regression models. In all regression analyses, we included a variety of control variables to minimise specification bias.

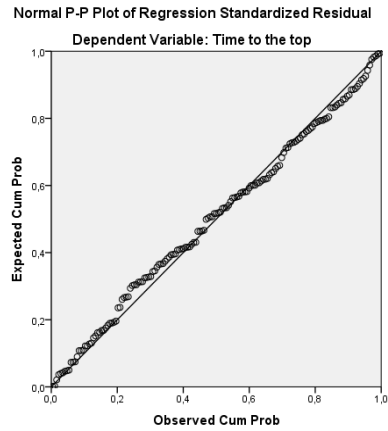
In addition, in order to confirm the validity of the model, the assumptions of linear regression were tested: linear relationship, no or little multicollinearity, multivariate normality, homoscedasticity, and no auto-correlation.

Firstly, as most of the independent variables are binary/dummy, linearity is automatically met. Secondly, linear regression assumes that there is little or no multicollinearity in the data. Multicollinearity occurs when the independent variables are too highly correlated with each other. Multicollinearity was tested with the correlation matrices, which are shown in chapter four and chapter five. Correlation is an effect size and the strength

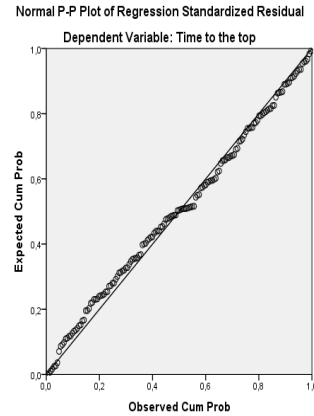
of the correlation can be described, according to Evans (1996), for the absolute value of  $r$ : as: .00-.19 “very weak”; .20-.39 “weak”; .40-.59 “moderate”; .60-.79 “strong”; .80-1.0 “very strong”. In the education chapter, the matrix exhibits coefficients that are smaller than .45 (moderate). In turn, in the experience chapter, the variables Firm Specialisation, Number of Employers and Lifetime CEO are strongly correlated ( $r=.67$  to  $.73$ ), consequently, we employed those sets of variables as operationalisations of the “traditional career” strategy.

Another criterion to test multicollinearity was to consider the Variance Inflation Factor (VIF), defined as  $VIF = 1/T$ .  $T$  represents tolerance and measures the influence of one independent variable on all other independent variables. VIF indicates how much larger the error variance for the unique effect of a predictor (relative to a situation where there is no multicollinearity). The VIF can also be thought of as the factor by which the sample size needs to be increased to match the efficiency of an analysis with no multicollinearity. For example, a VIF of 2.5 implies that a sample size 2.5 times larger than the actual one is needed to overcome the degree of multicollinearity in the analysis. If  $VIF > 10$  there is indication that multicollinearity may be present (Cohen, Cohen, West & Aiken, 2003). Analysis of collinearity statistics, in our study, showed that this assumption has been met as VIF scores were well below 10. In fact, in chapter four, education, VIFs were in the range of 1 to 3, far below the generally accepted VIF limit of 10. In chapter five, experience, VIFs were between 1.065 and 2.96, whereas in chapter six, the VIFs found were in the range of 1.022 to 5.61.

Thirdly, the linear regression analysis requires all variables to be multivariate normal. This assumption can be checked with a histogram and/or a goodness of fit test. Concerning the normality of residuals, the observed standardized residuals seem to be normally distributed, as most of them fall between -2 and 2. See Figure 3.1



**Education**



**Experience**

**Figure 3.1.** Normal P Plot of regression standardized residuals - Dependent variable time to the top and standardized residuals chapter education (left) and chapter experience (right)

In addition, we have run the Shapiro Wilk test of normality. Results show  $p > .05$  in both cases. In fact, in chapter four (education)  $p = .754$ , and in chapter five (experience), results show  $p = .461$ , so the null hypothesis that states the normality of the error distribution can be accepted. See Table 3.1 and 3.2

**Table 3.1.**  
*Normality tests- Education*

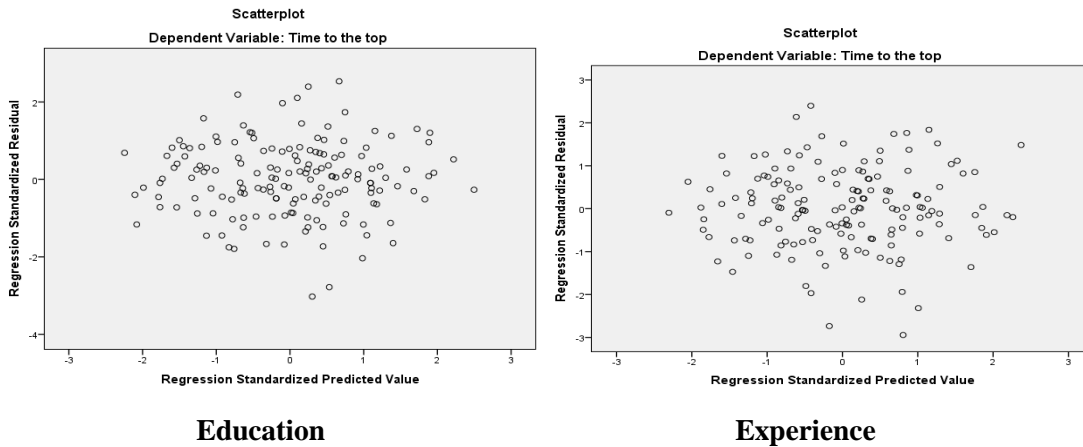
	Kolmogorov-Smirnov			Shapiro-Wilk		
	Statistic	df	Sig.	Statistic	df	Sig.
Standardized Residual	.044	159	.200	.994	159	.754
Unstandardized Residual	.044	159	.200	.994	159	.754

**Table 3.2.**  
*Normality tests - Experience*

	Kolmogorov-Smirnov			Shapiro-Wilk		
	Statistic	df	Sig.	Statistic	df	Sig.
Standardized Residual	.043	159	.200	.991	159	.461
Unstandardized Residual	.043	159	.200	.991	159	.461

Thirdly, regarding independence and constant variance (homoscedasticity), the scatter plot is good way to check whether the data are homoscedastic (meaning the residuals are equal across the regression line). As can be seen in Figure 3.2, both look like rectangles,

showing no pattern, no points outside the axes. We consider that they look rectangular enough to clear those assumptions.



**Figure 3.2.** Scatterplot Dependent variable time to the top and standardized residuals chapter education (left) and chapter experience (right)

Finally, linear regression analysis requires that there is little or no autocorrelation in the data. Autocorrelation occurs when the residuals are not independent from each other. In other words, when the value of  $y(x+1)$  is not independent from the value of  $y(x)$ . One generally tests for the presence of autocorrelation with the Durbin–Watson statistic. Values obtained were  $d= 2.016$  for chapter education, and,  $d=2.200$  for the experience chapter. See Table 3.3 and Table 3.4. Then, as both values fall between the 1 to 3 range (Field, 2009), the independence among residuals can be assumed.

**Table 3.3**  
*Durbin Watson test – Education*

R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
.555	.308	.213	7.840	2.016

**Table 3.4**  
*Durbin Watson test – Experience*

R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
.539	.290	.181	8.021	2.200

Independent t- and Mann-Whitney U tests were run to test the hypotheses in chapter six, family firms. The former involves the examination of the significant differences on one factor or dimension (dependent variable- time to the top) between means of two independent groups (e.g. family firms vs. non family firms, family vs. non-family member CEOs). As the t-test requires observations to be drawn from a normally distributed population, we checked for normality. Having obtained evidence of normality through the Shapiro Wilk test results ( $p > .05$ ), we run the independent samples t-test.

In the case of reduced and uneven samples, in line with Elliott and Woodward (2007, p.59) who posited that “*if one or more of the sample sizes are small and the data contain significant departures from normality, you should perform a nonparametric test in lieu of the t test*”, the Mann-Whitney U test was run to test some of those hypotheses. It is a non-parametric test used to assess for significant differences in a dependent variable by a single dichotomous independent variable. It has the great advantage of possibly being used for small samples of subjects (Nachar, 2008). Its assumptions were respected: the dependent variable, time to the top, is measured at the continuous level; the independent variable consists of two categorical, independent groups; there is independence of observations, and the distribution of scores may have a similar or different shape (Siegel & Castellan, 1988). In our case, the shape was different, so we made general higher/lower statements based on mean ranks.

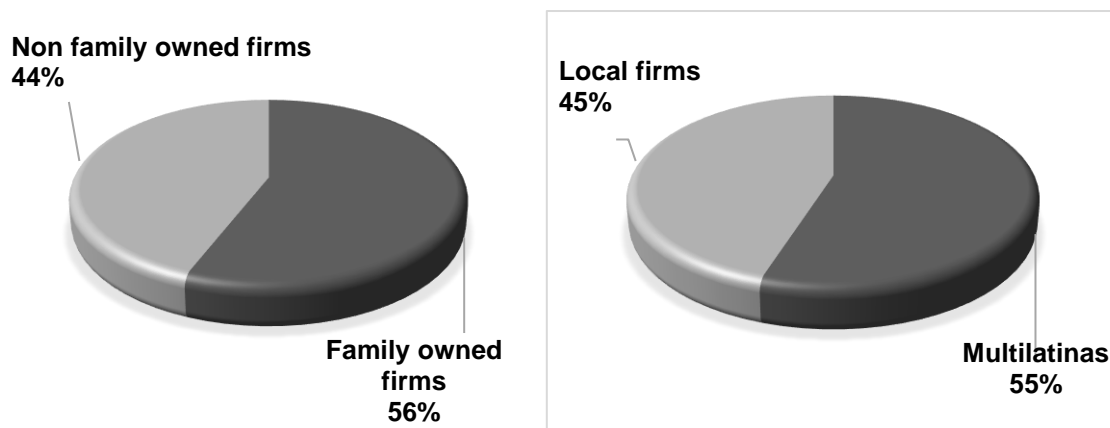
Regarding the significance levels of the results, they are typically trichotomized approximately into highly significant, marginally significant, and not statistically significant at conventional levels, with cutoffs at  $p \leq 0.01$ ,  $p \leq 0.05$  and  $p > 0.10$ . Furthermore, according to Wasserstein & Lazar (2016, p.131), “p-values and related analyses should not be reported selectively. Conducting multiple analyses of the data and reporting only those with certain p-values (typically those passing a significance threshold) renders the reported p-values essentially uninterpretable”. Consequently, in this study, as it is the first one exploring human capital variables upon time to the top in Latin America, we will show the obtained results with the three significance level cutoffs.

### **3.5.2 Descriptive results**

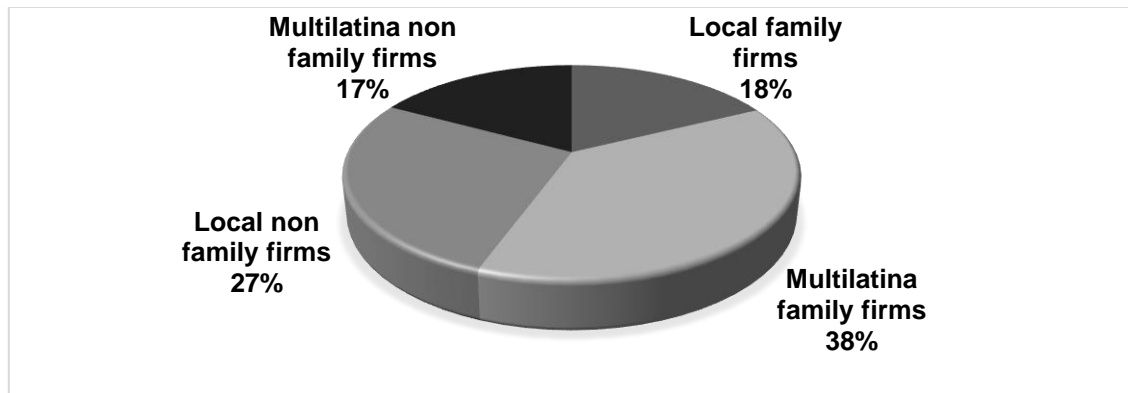
Descriptive results provide interesting insights into Latin American firms and the careers of their CEOs.

On the one hand, regarding firms, the mean of total annual sales is 6,215 million dollars, and their main activities are manufacturing (44.4%), energy (17%), and retail (14%). These firms exhibit a median life of 60 years, and 55% of them are multilatinas, while 45% are local firms. In terms of the capital of origin, the composition of the sample, according to country of origin, is shown in Figure 3.5.

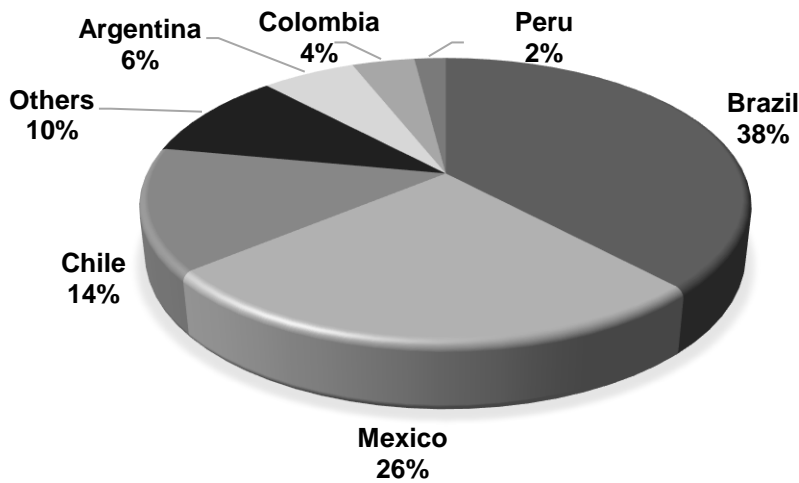
56% of the sample is composed of family-owned firms (See Figures 3.3 and 3.4). If we compare the percentage of family firms against the 500 Standard and Poor top firms (S&P 500) sample, the relevance of the family firms in Latin America is higher (56%) than the percentage (28) found by Anderson and Reeb (2003).



**Figure 3.3.** Type of firms: Family vs. non family owned/ Multilatinas vs. Domestic firms



**Figure 3.4.** Composition of the sample according to geographic expansion and family or non-family firms



**Figure 3.5.** Sample firms- origin of the capital

If we divide the sample into family and non-family firms, the mean of total annual sales, as well as the number of firms according to the capital origin are shown in Table 3.5.

**Table 3.5**  
*Descriptive statistics*

	Sales (mean usd million)	CEO's age	Capital origin Brazil No. firms	Capital origin Mexico No. firms	Capital origin Chile No. firms	Capital origin Argentina No. firms
Family Firms	7,084.91	54.71 years	29	33	12	7
Non- Family Firms	5,338.49	53.4 years	35	10	11	3

On the other hand, CEOs are, on average, 54 years old, demanding 23 years to get to the CEO role. If we compare those findings with the 500 CEOs in USA and Europe (Hamori & Kakarika, 2009), they are aged 56 and 54 respectively, and taking 25 years to get to the top. Therefore, even considering different labour markets and organisations, the path to the top seems to demand almost the same amount of time.

About CEOs leading family and non-family firms, they are on average 54.71 and 53.4 years old respectively (see Table 3.5). Their age is very similar to that found for 500 CEOs

in USA and Europe previously mentioned. If we take into account family member CEOs, they are almost the same age than the rest (54.86 years old). Then, our results differ from those of Mullins and Schoar (2016) as they posit that, in several emerging economies, family CEOs are younger.

If we examine the presence of women in CEO roles, they make up 1.8% of the sample in comparison with 1.4% in the USA and Europe firms (Hamori & Kakarika, 2009). These figures contradict the common notion about *machismo* in Latin America (Skidmore, Smith & Green, 2010), at least for this role, evidencing that the absence of women in CEO positions is an unresolved issue in several geographic regions. It is worth pointing out that, in our sample, all female CEOs lead non-family owned firms.

Finally, regarding nationality, 94% of the CEOs were born in the same country where the firm was incorporated, while 6% are global, that is to say, they were not born in the country of origin of the firm. These figures reveal a strong ethnocentric trend. This same tendency is found in the Fortune 500 firms: 13% of CEOs are global, and the remaining 87% are native to the country in which the company is headquartered (Ghemawat & Vantrappen, 2015).

### **Kinship and family firms**

Regarding kinship and the total sample of firms, family members represent 40% of the total CEO sample.

If we delve into the composition of family or non-family CEOs working for family firms, family CEOs represent 71% of the CEOs working for family firms (67 out of 94) (see Table 3.6). In domestic firms, 83% of the CEOs are family members while, in multinationals, 61% of CEOs are family members. A family CEO will be preferable in family firms when idiosyncratic knowledge, which cannot be readily formalised, is highly relevant to the successful operation of the business (Bjuggren & Sund, 2002). If we compare our descriptive findings against the Standard and Poor top 500 firms (S&P 500), the percentage of non-family CEOs managing family firms is higher in the S&P 500 sample (55) (Anderson & Reeb, 2003), than in ours (27).

Industry and firm size are said to have significant impact on the perceived attractiveness of hiring non-family members in family firms (Fang *et al.*, 2013; Fang *et al.*, 2017). Nevertheless, in our sample, non-family CEOs work for a variety of company sizes and ages, and no significant correlations were found between kinship and company age (Pearson correlation  $r=-0.20$ ) or kinship and size (Pearson correlation  $r=-0.102$ ). Furthermore, most of them work for the manufacturing industry, but no significant differences in the time to the top among industries were found.

### **Education**

Taking into account the educational profiles, 58% of the CEOs hold undergraduate and graduate studies, while 39% of the executives hold just undergraduate degrees, and 3% secondary studies. Considering elite institutions, 59% of the CEOs attended elite undergraduate institutions, and 33% of the participants attended elite graduate institutions. In comparative terms, the Latin American percentage (59) of elite undergraduate CEOs is higher than the one found for top 100 Fortune firms' executives (21) (Cappelli, Hamori & Bonet, 2014). Regarding elite graduate institutions, 36% of top 100 Fortune firm CEOs attended them (Cappelli *et al.*, 2014), while, in our sample, the percentage is 33. In addition, 17% of the CEOs working for Latin American firms attended elite graduate institutions abroad.

Consistent with the invisibility hypothesis on discrimination in promotion that posits that when a woman is promoted to a top management position, outside firms are finally convinced of her high ability, while when a man is promoted it is likely that outside firms already knew of his strong skills through the old boys' network (DeVaro, Suman, & Zoghiz, 2007), all female CEO attained undergraduate and graduate studies. Formal schooling may serve as a relatively more important signalling device for women as it can make up for the lack of network.

As to kinship and educational background, while in non-family firms 63% of CEOs attained a high level of education, in family firms, 54% of CEOs did. Moreover, as shown in Table 3.6, 40% of family CEOs attained graduate studies (27/67) while 89% of non-family CEOs did (24/27). Furthermore, if we consider geographical expansion, multilatina CEOs show a stronger educational background as 64% of them attained graduate studies in

comparison with 33% of CEOs working for domestic firms. Finally, in multilatinas, most of the non-family CEOs hold a higher educational level (95% of the sample).

**Table 3.6.**

*Family firms and CEOs' educational level*

Type of firm	Family CEO with graduate studies	Non family CEO with graduate studies	Family CEO without graduate studies	Non-family CEO without graduate studies	Total
<b>Multilatina</b>	18	23	21	2	64
% over total multilatinas	28%	36%	33%	3%	
<b>Domestic</b>	9	1	19	1	30
% over total domestic firms	30%	3%	54%	3%	
	27	24	40	3	94

### **Experience**

Founders represent 9% of the sample, 74% of CEOs were promoted to the CEO role while working in the focus organisation, and the remaining 17% were hired from the external labour market. If we compare those figures with the top 500 USA and European CEOs (Hamori & Kakarika, 2009), 33% of them were hired for the CEO role against 17% in the Latin American sample, evidencing a stronger effect of the traditional career model in Latin American firms. This career is understood as such when developed within one organisation where the executive reaches senior managerial positions after successive promotions (Falcoz, 2001).

In our sample, CEOs have spent, on average, 69% of their working life in the same firm, their average organisational tenure is 21 years, and they have worked on average for two employers, while the 500 USA and Europe CEOs have worked, on average, for three companies. In addition, 45% of the Latin American participants are lifetime CEOs versus more than 25% of USA CEOs, and fewer than 20% of European ones (Hamori & Kakarika, 2009). Significant differences were found between Latin American family (24.33 years, SD=12.134) and non-family firm CEO organisational tenure (17.12 years, SD=11.417)  $t(169) = 3.939; p < .05$ . All these results highlight the importance of tenure in the ascent to power in the Latin American environment.

Considering international experience, 31% of the total sample was expatriated to other countries, and the percentage rises to 40% for multilatina CEOs. If we compare those findings against the 500 CEOs in Europe and United States, 40% of the European CEOs and 24% of the CEOs from American firms had international experience (Hamori & Koyuncu, 2011). Thus, it seems that the value of international experience varies over different regions and countries. In addition, even though the presence of global CEOs in our multilatinas' sample is small (6/93), all of them had international experience: half of them, having been hired to perform the CEO role, "importing this experience" after having worked internationally for other firms, and the other half acquired international experience within the focal organisation.

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## **CHAPTER 4. EDUCATIONAL CREDENTIALS AND CAREER SUCCESS OF CEOs OF LATIN AMERICAN FIRMS**

As previously mentioned, this chapter aims to answer the following questions:

- Does the accumulation of generic human capital, manifested in the highest educational degree obtained, reduce the time to the top? The influence of certain undergraduate subjects, elite undergraduate degrees, and graduate degrees from foreign elite institutions upon the time to the top will also be examined.
- Do candidates to CEO positions with a high educational level reach top positions in multinationals more quickly than in domestic firms?
- Do candidates to CEO positions with a high educational level take longer to get to the top in family firms than in non-family ones?

### **4.1 Literature review and hypotheses**

Education, as part of the generic human capital, is operationalised through the educational level, which refers to the academic credentials an individual has obtained (Ng & Feldman, 2010). The number of years of formal education has been the most employed signal in relation with workers' skills (Becker, 1964). Most organisations, in line with the signalling theory (Spence, 1973), employ education as an indicator of a person's skill levels when comparing candidates in the hiring process. Thus, even though education does not directly increase productivity, it signals productivity potential (Spence, 1973). As part of the signalling framework, the queuing theory describes the job allocation process as a competition for jobs in which employers assess candidates in an imaginary queue, taking into account the education level among other characteristics (Thurow, 1975). In order to be hired, candidates must be ranked ahead of all other job seekers. In sum, human capital theory and queuing theory recognize the relationship, direct or indirect, between education and productivity (Van de Werfhorst, 2011).

Research studies have shown (c.f. Wayne *et al.*, 1999) that educational attainments are positively associated with objective career success, either potential promotions (Sheridan,

Slocum & Buda, 1997) or salary increases and career progression (Gould & Penley, 1984; Gattiker & Larwood, 1990; Sichertman & Galor, 1990; Tharenou, Latimer & Conroy, 1994; Judge *et al.*, 1995; Kirchmeyer, 1998; Ng *et al.*, 2005; Ng & Feldman, 2010).

It is worth noting that, over the past 30 to 40 years, the importance of general managerial skills has been rising in CEO backgrounds, in Europe and USA, whereas firm-specific experience has become less relevant (Bertrand, 2009). Regarding undergraduate degrees, in Germany, for example, 90% of the CEOs hold a bachelor degree (Hartmann, 2010), while that percentage rises to 93 % in the United States (Martelli & Abels, 2010), and to 96% in the United Kingdom (Marx, 2008). In China, 88 out of the top 100 CEOs have publicized their educational backgrounds, and all of them attained undergraduate studies (Li, 2005). In Latin America, 91% of CEOs in Mexico hold a bachelor degree (Herrera *et al.*, 2012). According to these findings, the bachelor's degree constitutes a necessary but not sufficient condition to continuing climbing the corporate ladder.

Research evidence also indicates a trend towards graduate studies in CEOs. For example, in the United States, in the 90s, 26% of CEOs held graduate degrees (Bassiry & Dekmejian, 1990) while, twenty years later, that percentage amounted to 55 (Martelli & Abels, 2010). In the United Kingdom, 45% of CEOs hold graduate degrees (Marx, 2008). The master's degree in business administration (MBA) is the most common graduate degree, which is considered increasingly as a prerequisite to access to senior management positions (Useem & Karabel, 1986; Baruch & Peiperl, 2000). In fact, according to Wai and Rindermann (2015), the path to the top of a Fortune 500 company seems to include a graduate school education of some kind (MBAs in 39% of the cases). In China, 54.5 % of the top 100 CEOs hold graduate degrees, MBAs representing 11.4% of the sample (Li, 2005). In turn, descriptive studies confirm the same trend in Latin America. In Brazil, 85% of CEOs hold graduate degrees (Booz & Company, 2009) in comparison with 73% of the Mexican sample (Herrera *et al.*, 2012), whereas, in Chile and Peru, those percentages are 52 and 64 respectively (López, 2014).

Concerning the influence of the educational level on the progression speed of CEO's career, literature offers non conclusive results. Koch, Forgues and Monties (2017) found that 100 Fortune CEOs with a graduate degree, in the United States, did not differ significantly

from those without such credentials regarding the number of years needed to become a CEO. Moreover, Bühlmann *et al.* (2017), having analysed 916 top managers in Germany, Switzerland, France and Britain, identified that German managers holding a PhD did not show a quicker progression. Conversely, Hamori and Koyuncu (2011), considering the top 500 CEOs in Europe and United States, showed that CEOs with a higher number of years of education took a shorter time to ascend the corporate hierarchy. In the same direction, Georgakakis, Dauth and Ruigrok (2016), studying CEOs in Switzerland, the Netherlands, Germany and the United Kingdom, found that executives with general management education (holding an MBA degree) were likely to be promoted faster to the top. In turn, descriptive studies for Latin America identify CEO profiles with graduate studies (Booz & Company, 2009-Brazil; Herrera *et al.*, 2012-Mexico; López, 2014- Chile and Peru) but do not provide information on the time required to reach the top. Thus, bearing in mind the human capital proposition, we posit that a higher educational level will increase executives' productivity, and that such value will be rewarded by Latin American firms through a quicker promotion.

**Hypothesis 1: A higher educational level reduces the time to the top for individuals aiming to become CEOs.**

In line with the literature, we consider it relevant to decompose the education variable to examine the effect of other education-related indicators, namely undergraduate field of study and nature of educational institutions. Thus, the following research hypotheses were developed.

The tailoring of educational training directly to the subsequent occupational function indicates a high degree of professionalisation of the occupation. For example, the top managers of British firms show less professionalisation than their counterparts in German firms (Windolf, 2002). In the United States, organisations reward business, law, and engineering degrees more than other fields of education (Useem & Karabel, 1986). In the same vein, among the S&P 500 CEOs, Economics, Engineering and Business Administration were identified as the three most prevalent undergraduate majors (Flynn & Quinn, 2010). For top Chinese CEOs, Engineering seems to be the most popular undergraduate degree (Li, 2005). Furthermore, in Latin America, Engineering and Business degrees (including

Business Administration and Accounting) take precedence over other degrees in CEO profiles. In Brazil, Engineering takes the first place, and Business the second one (Pohlmann & Valarini, 2013). In Mexico, the same preferences apply (Pérez Lizaur & García Chagoyán, 2006). Finally, Commercial Engineering - which is very similar to Industrial Engineering, although it focuses more on the economic and business application of the scientific method to solve problems-, is the most popular degree in Chile as Business Administration is in Peru (López, 2014).

No research studies have explored the influence of the undergraduate subjects upon the time to the top. Nevertheless, considering that Business and Engineering degrees are the most popular in CEO profiles, it could be inferred, in line with the queuing theory (Thurow, 1975), that they do not reduce the time to the top, since they do not rank their holders higher than other candidates. Consequently, we propose:

**Hypothesis 1a: Holding a Business or Engineering degree, in comparison with other degrees, increases the time to the top.**

In turn, the selectivity of the awarding institution can also be an important measure of CEO talent (Kaplan, Klebanov & Sorensen, 2012). Top managers may be regarded as a type of elite within society (Maclean, Harvey & Chia, 2010). According to the elite theory, admission to this group is in some way controlled, and it does not rely just upon meritocracy principles (Useem & Karabel, 1986). Top management candidates are often assessed by social fit and certain elite credentials (Fellman, 2003; Useem & Karabel, 1986); thus, social capital constitutes a key resource to develop an executive career. In fact, its importance for career progression relates to the strength and combination of institutional and in-group collectivism in society (Bozionelos, 2015). Social capital is especially relevant in Latin America, where businesses are strongly driven by social contacts (Elvira & Davila, 2005).

An educational institution may confer different types of human capital on its graduates: scholastic capital (knowledge), social capital (personal contacts, networks), and cultural capital (value granted by society to status symbols) (Useem & Karabel, 1986). Regarding scholastic capital, admission to an Ivy League school may signal potential candidates who are likely to produce superior performance, as the selected ones are, essentially, winners of a tournament of talent (Lazear & Rosen, 1981). Social and cultural capital seem to be

predominant in educational institutions that have achieved a certain level of prestige, such as elite universities (Domhoff, 2002). In sum, executives who can count upon social and educational credentials are more likely to ascend to the highest level of the organisation through homosocial reproduction (Useem & Karabel, 1986; Domhoff, 2002).

Empirical studies show inconclusive results regarding the influence of elite universities on career success due to the contextual nature of careers (Mayrhofer & Schneidhofer, 2009; Sullivan & Baruch, 2009), and to the fact that educational capital might still follow national patterns (Bühlmann *et al.*, 2017). For example, in France, only elite educational qualifications are valued as far as promotion to top positions is concerned (Brezis & Crouzet, 2004; Legrand *et al.*, 2018), whereas in Germanic countries the institution where the qualification was acquired bears very limited, if any, relationship to career progression (Ellersgaard *et al.*, 2013; Hartmann, 2010). Elite institutions also seem to play a key role in England (Marx, 2008), and in Japan (Schmidt, 2004).

Considering the Latin American landscape, it is known that economies with unequal income distribution also have unequal access to education (International Monetary Fund, 2014). In fact, this region, according to World Bank (2013), houses some of the most unequal countries in the world (GINI index over 50%): Colombia (53.5%), Brazil (52.9 %), and Chile (50.5%). This inequality is expressed not only in the access to the educational system but also in the type of institutions attended (Guzmán-Valenzuela, 2016). In Brazil, for instance, 74% of the undergraduate students belong to the highest social quintile while 4% are part of the lowest quintile. And the percentage distribution in Mexico and Chile is 58 to 6 and 65 to 8 respectively (CEPAL, 2008). Thus, most of the poorest students access non-selective institutions whereas the wealthiest attend the most prestigious and selective ones. As an example, Mexican students from families with a higher educational and economic capital tend to attend a private university, understood as an elite institution (De Vries, Vazquez Cabrera & Rios Treto, 2013). Employers, in turn, are likely to recruit staff from those elite private universities.

Regarding the awarding institutions, most Latin American CEOs attended one of the top five universities in their countries of origin, defined in scholastic capital terms (QS University Rankings: Latin America 2015). In Mexico, most of them attended two private

elite universities and a state one (Pérez Lizaur & García Chagoyán, 2006). In Chile, 68.9% of the CEOs attended an elite institution (private university -50% and state university- 18.9%) (Seminarium, 2013). In Brazil, more than 50% of the participants attended state elite institutions while the rest attended private prestigious ones (Pohlmann & Valarini, 2013).

Concerning the relationship between time to the top and elite institutions, top 100 Fortune CEOs with an elite degree do not differ significantly in the time to the top required to reach a top position from those executives without such degrees (Koch *et al.*, 2017). Nevertheless, in France, attendance to an elite university accelerates the career, and it is a very career-relevant sign of distinction (Bühlmann *et al.*, 2017). In Latin America, given the already mentioned unequal access to education, the significance of networks and social capital are key institutional factors – i.e., businesses tend to be strongly driven by social contacts (Elvira and Davila, 2005) –, and the fact that elite university graduates may benefit from homosocial reproduction, we suggest:

**Hypothesis 1b: Holding an undergraduate degree from an elite university reduces the time to the top for individuals aiming to be appointed future CEOs.**

MBA studies are gradually becoming a standard qualification for executive positions (Baruch & Peiperl, 2000); however, they will only contribute to career achievements in the long run if they are awarded by a reputable business school (Pfeffer & Fong, 2002; Baruch 2009). Consequently, attendance at a top-ranked MBA program serves as a signal of quality (Gioia & Corley, 2002). Postgraduate studies may be considered as more than just additional specific knowledge to manage more complex situations. In many cases, they involve international travel and exposure to other cultures and/or languages (Federico *et al.*, 2009). In fact, attending a graduate institution abroad is a key decision in individual career management terms: the MBA degree, apart from being considered as a tool to keep on climbing in the organisational ladder, entails a considerable economic investment as well as the absence in the local labour market. Thus, the individual will stop *earning money* and, he/she may lose the upward promotional swing in the firm (Luci, 2009). Individuals quit their jobs to acquire additional educational degrees with the belief that the loss of income in the short-run will pay off in the long run (Loewenstein & Spletzer, 1999). In addition, an MBA can be an indication of the internationality of the person (Bühlmann, David & Mach, 2013).

Furthermore, if awarded by a prestigious institution, the degree endows the holder with a greater cosmopolitan capital, due to the *multicultural composition* of the program. The cosmopolitan capital, understood as a specific form of cultural capital, the capacity to *feel at home* even in geographically faraway places, is particularly valued by contemporary managerial business elites (Wagner, 2007).

Latin American universities are performing rather poorly, as reported by international rankings (Guzmán-Valenzuela, 2016). In fact, according to the QS World University Ranking 2015, UBA (Argentina) is the institution performing best in the region (124th place), followed by USP (Brazil) (143rd place), UNAM (México) (160th place) and UC (Chile) (170th place). If we consider Mexican CEOs who hold graduate degrees, 60% of those degrees were awarded by foreign institutions (Ruiz, 2009), mainly American (Pérez Lizaur & García Chagoyán, 2006). In Chile, 64% of CEOs' graduate degrees were awarded abroad (Seminarium, 2013). This information indicates that educational institutions abroad are quite influential in the region. Therefore, considering the scholastic capital as well as signalling value offered by the foreign graduate degree, we propose the following hypothesis:

**Hypothesis 1c: Holding a graduate degree from a foreign elite institution reduces the time to the top for individuals aiming to become CEOs.**

It is well known that careers are embedded in economic and institutional environments (Mayrhofer, Meyer & Steyrer, 2007). In this vein, we have already mentioned that Latin American business systems can be described as hierarchical market economies (Schneider, 2009), which are characterised by the dominance of diversified family-owned business groups, a shortage of investment in education and training, and large informal labour markets. Thus, the type of organisation where CEOs develop their careers may affect the relationship between education and time to the top.

In Latin America, large domestic conglomerates, typically family-owned (Silva, Majluf & Paredes, 2006), play a leading role in the economic arena. Many of them have looked to the rest of the world for opportunities of expansion, giving rise to *multilatinas*. Some of these multilatinas are key global players in several industries (Cuervo-Cazurra, 2008). Multinational firms (MNCs) are substantially different from domestic firms (Kostova, Roth, & Dacin, 2008). The recent development of *multilatinas* suggests that these companies

may operate differently from their less international counterparts (Fleury & Fleury, 2011). In fact, MNCs face the challenge of effectively managing environmental and strategic complexity, and integrating geographically distant operations and markets, while responding to local demands (Sanders & Carpenter, 1998). At the same time, they have a complex internal environment and a set of organisational characteristics that influence the nature of jobs within firms (Baron, 1984). Therefore, the skill-set required will be more complex in MNCs than in domestic firms (McDonnell, Lamare, Gunnigle & Lavelle, 2010). Furthermore, education is associated with superior levels of cognitive complexity (Wally & Baum, 1994), and, in this vein, CEOs with high educational background are better able to develop problem-solving skills and thus to face complex problems (Goll, Brown Johnson & Rasheed, 2007). Therefore, we predict that:

**Hypothesis 2: Candidates to CEO positions with a high educational level reach top positions in multinationals more quickly than in domestic firms.**

As previously stated, large Latin American conglomerates are typically family-owned. The most distinguishing characteristic of family firms is the presence and interaction of the family system with the business system (Chua, Chrisman & Sharma, 1999). This interaction may lead family firms to hire managers from within the family instead of possibly more qualified non-family members (Schulze, Lubatkin, Dino & Buchholtz, 2001). Moreover, this type of firms may find it more difficult to attract and retain qualified managers due to a lack of promotion possibilities (Schulze, Lubatkin & Dino, 2003), all of which lead to a less qualified workforce. The anticipation of family succession, due to known predilections of the family owners, may persuade the preferred family successors to reduce their investment in human capital earlier in life (Bloom and Van Reenen, 2007). In turn, family firms attract aspirants who are less ambitious or capable, whereas more ambitious and capable non-family candidates apply for non-family firms, which may offer better career opportunities (Chrisman *et al.*, 2014). At the same time, the family – both the nuclear and the extended one – is a central institution in the Latin American culture (Germani, 1965; Díaz-Loving *et al.*, 2008). It is well known that collectivist cultures often feature hereditary relationships that promote the retention of wealth and ownership within the family. Thus, considering family firms' characteristics – kinship prevails over educational credentials – and collectivism's strength as a cultural factor in Latin America (Elvira and Davila, 2005), we suggest:

**Hypothesis 3: Candidates to CEO positions with a high educational level take longer to get to the top in family firms than in non-family ones.**

## **4.2 Methodology**

The sample as well as the data collection strategy, the information about the dependent variable (time to the top), and the analytical procedures were detailed in Chapter 3.

### **4.2.1 Variables**

#### ***Independent variables***

The highest degree earned was coded as a binary variable: undergraduate and graduate degree or not (Hamori & Kakarika, 2009). In order to retest one of the hypothesis, we recoded the variable as continuous, and we considered the number of years of education (high school=12 years, bachelor=16, master=18, PhD= 20 years) (Hamori & Koyuncu, 2011).

We classified, initially, the undergraduate fields of study into four categories: No undergraduate studies, Business, Engineering, and Others. Later, we classified the Undergraduate field as a binary variable: Business or Engineering or not.

We categorised if the awarding university for undergraduate and graduate studies was ranked amongst the top 10 schools within each country according to QS University Rankings: Latin America / Europe/ United States (2015). This information source as well as the selected cut point were previously employed to identify elite institutions out of the United States by Wai and Rindermann (2015). The nature of the undergraduate institutions was coded as non-elite or elite. Lastly, considering whether the elite graduate degree was granted in the region or abroad, we categorized it as a binary variable: elite graduate attended abroad -Europe or United States- or not.

#### ***Moderator variables***

An organisation's characteristics affect the nature of the jobs within it (Baron, 1984) and, consequently, careers will be shaped by differences in the level of skills demanded by different jobs (Bidwell & Briscoe, 2010). We categorised, as a moderator variable,

geographical expansion: local or multinational firm, using a dummy variable where 0 signifies local.

Finally, as another moderator variable, we categorised capital ownership: family and non-family firm, using a binary variable. We considered a firm in family control when the same family owned more than 50% of the shares. However, in line with Salvato *et al.* (2012), the threshold was reduced to 30% for the listed companies

### ***Control variables***

In order to adequately examine the relationship between education and time to the top, we controlled for a set of variables identified by previous studies as influencing executives' careers.

The type of industry exerts an influence on the velocity of promotion of executives (Cappelli & Hamori, 2005) Industry background was classified according to *Clasificación de Actividades Económicas para el Mercosur* (Classification of Economic Activities for the Mercosur) through five dummy variables: manufacturing; energy – electricity, gas and mining activity; transportation, telecommunications, information and financial services; retail; and construction.

Getting ahead faster depends on the size of the organisation where the executive is employed (Hamori & Koyuncu, 2011; Ng, Eby, Sorensen, & Feldman, 2005). Larger organisations offer more opportunities for advancement (Judge *et al.*, 1995). Organisation size is represented by the total annual sales of the organisation in 2013.

Executives from younger companies get to the top much faster apparently by having fewer steps in their promotion ladder (Cappelli & Hamori, 2001). Firm's age equals the number of years from the year of incorporation until 2013.

As our sample is composed of executives who work in different country-of-origin organisations, capital origin, the country where the company was incorporated, is represented with six dummy variables: Argentina, Brazil, Mexico, Chile, Colombia and Peru, and Others (Panama and two combined countries).

We also controlled for several other CEO characteristics. The careers of family members, within family firms, are shorter and faster than those of non-family executives

(Schulze *et al.*, 2001; Schulze *et al.*, 2003). In Latin America, 85% of the companies are family-owned businesses. Therefore, we controlled for CEO kinship, classified as family member or not.

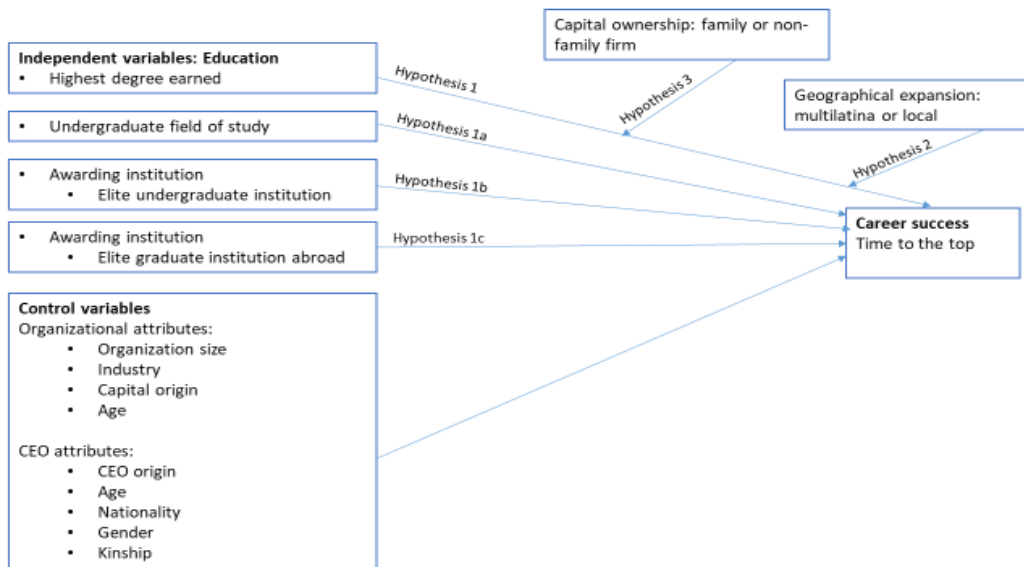
We used the binary variable nationality that indicates whether the nationality of the CEO is the same as the country of origin of the firm or different from it.

CEOs who have spent a smaller fraction of their career in their current organisation or have changed employers more often, have taken a longer time to the top (Hamori & Kakarika, 2009). Thus, CEO origin was categorised as external (hired as CEO) or internal (promoted to the CEO role or founder).

We used the binary variable gender to control for potential gender bias (Martelli & Abels, 2010). 1 signifies female CEOs.

We included the CEO age (age in 2013) to control for possible changes in career patterns over the last decades (Hamori & Koyuncu, 2011).

Figure 4.1 shows the relationships among the control variables, the independent variables, the moderators and the dependent variable.



**Figure 4.1.** Research model on antecedents and moderators of career success-education- proposed by the authors and based on Hamori and Kakarika (2009)

### 4.3 Results

Descriptive results are shown in chapter 3.

The correlations of the dependent variable and the key independent variables in the analysis are shown in Table 4.1. If we consider the influence of the control firm related variables, posited by the Western literature as predictors of the time to the top, organisational attributes do not influence upon CEO time to the top in Latin American firms. In fact, the correlation between firm's age and time to the top is weak but significant (Pearson's correlation coefficient,  $r=.129$ ;  $p<.10$ ) as well as the correlation between time to the top and capital origin in the case of Brazil (Pearson's correlation coefficient,  $r=.108$ ;  $p<.10$ ) and Chile (Pearson's correlation coefficient,  $r= -.112$ ;  $p<.10$ ). See Table 4.1. Regarding industry, although not exhibited in Table 4.1, findings reveal negative and non-significant correlations with the exception of Energy, that shows a positive and significant coefficient (Pearson's correlation coefficient,  $r=.132$ ;  $p<.10$ )

In turn, considering the influence of CEO attributes upon time to the top, as shown in Table 4.1, age is moderately and significantly related to time to the top (Pearson's correlation,  $r=.329$ ;  $p<.001$ ). In line with the literature, older CEOs have taken longer to get to the CEO post (Hamori & Koyuncu, 2011). We have already shown, in chapter 3, that 40% of participants were family members, and 60% were non-family CEOs. Table 4.1 shows kinship as a variable moderately and significantly related to time to the top (Pearson's correlation,  $r=-.231$ ;  $p<.01$ ). Consequently, results indicate that CEO attributes (age and kinship) do play a role in explaining variations in time to the top in incumbent CEOs. We will explore the influence of kinship in detail in chapter 6.

**Table 4.1.** Correlations

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
1. Time to the top	1.000																
2 Firm's age	.129^	1.000															
3 Sales	.009	.011	1.000														
4 Cap. origin Argentina	.027	.049	-.058	1.000													
5 Capital origin Brazil	.108^	-.216*	.120^	-.198^	1.000												
6 Cap. origin Mexico	-.036	.145*	.015	-.151*	-.443***	1.000											
7 Capital origin Chile	-.112^	.136*	-.039	-.105	-.306***	-.234*	1.000										
8 Cap. origin Peru & Colombia	-.010	-.001	-.071	-.071	-.208*	-.159*	-.110^	1.000									
9 Age	.329***	.061	-.094	.151*	-.088	.071	-.099	.104^	1.000								
10 Nationality	-.088	.017	.027	-.031	.002	.045	-.105	.075	-.038	1.000							
11 Gender	.009	-.103	-.014	-.029	.031	-.066	-.046	.191*	-.041	.031	1.000						
12 Kinship	-.231**	-.131^	-.152*	-.009	.192	-.294***	.095	-.004	.045	-.133	.084	1.000					
13 CEO Origin	-.063	.042	.050	.126	-.234*	.133^	-.085	.132^	.083	.185^	-.090	-.322***	1.000				
14 Highest degree	.146*	.114^	.051	-.030	-.008	.050	-.009	-.056	-.076	.056	.101	.215*	-.139^	1.000			
15 Undergrad. Business & Engineering	.157*	.145*	-.003	.029	-.035	-.018	.109^	-.034	.040	.105^	-.118^	.026	-.008	.120^	1.000		
16 Elite undergrad.	.039	.154*	-.071	.081	-.305***	.182*	.221*	-.049	.093	.099	-.010	.083	.075	.054	.146*	1.000	
17 Elite graduate abroad	-.111^	.088	-.040	.095	-.196**	.016	.167*	.013	-.200**	.121^	-.050	.026	-.003	.396***	.129^	.132*	1.000

Note: ^p<.10; \*p<.05; \*\*p<.01; \*\*\*p<.001

All hypotheses were tested using hierarchical multiple regression analysis. Table 4.2 presents the results of the regressions. In order to test Hypothesis 1, we first introduced the control variables in step 1 (Model 1 of Table 4.2) and the key independent variables in steps 2, 3, 4 and 5 (Models 2, 3, 4 and 5). Negative coefficients suggest that the predictor reduces the time that it takes executives to get to the CEO role, and consequently, generates greater career rewards for the individual. In Model 1, 26.3% of the dependent variable's variance is explained by control variables. This result can mainly be attributed to CEOs' age and kinship (both significant at the  $p < .001$  level). In addition, the value of variance inflation factors (VIF) found in the regression analyses are in the range of 1 to 3, far below the generally accepted VIF limit of 10; therefore, there is no evidence of multicollinearity problems in the models (Cohen, Cohen, West, & Aiken, 2003).

Hypothesis 1 states that the accumulation of generic human capital, manifested in the highest educational degree obtained, reduces the time to the top. As shown in Table 4.2, the coefficient is positive and not significant ( $\beta = 1.364$ ). Counter to expectations, findings do not support hypothesis 1. In fact, CEOs holding undergraduate and graduate degrees take longer to get to the top ( $M = 23.92$  years;  $SD = 7.79$ ) than those without such credentials ( $M = 21.58$  years;  $SD = 9.90$ ). We have also tested this hypothesis considering the highest degree earned as a continuous variable, and the results do not confirm the hypothesis either, as the coefficient is positive and non-significant ( $\beta = .420$ ).

Results show that the Hypothesis 1a is supported ( $\beta = 4.453$ ;  $p < .05$ ).  $R^2$  change shows 2.6% increase in variation and is statistically significant. See Table 4.2. In fact, the time to the top for CEOs with Business or Engineering degrees is higher ( $M = 23.53$  years;  $SD = 8.76$ ) in comparison with those executives with other degrees or none ( $M = 19.13$  years;  $SD = 8.12$ ). At the same time, it is worth highlighting that, in our sample, 41% of the participants hold Business degrees, and 48% of them hold Engineering degrees. Both fields of study increase the probability to be appointed to the CEO role against other degrees 'Others' (11%) [ $Z_{Business Vs Others} = 6.28$ ;  $p < .00005$ ]; [ $Z_{Engineering Vs Others} = 7.28$ ;  $p < .00005$ ]. In addition, we have explored differences in the time to the top per industry in Business or Engineering holders, considering Services as reference, and non-significant differences were found.

Regarding Hypothesis 1b, the coefficient is positive and non-significant ( $\beta=.543$ ), thus failing to support Hypothesis 1b. Yet, the percentage of CEOs holding an elite undergraduate degree is higher (59) than that of those who got their undergraduate degrees from non-elite institutions (41) ( $Z_{non\ elite\ undergrad\ vs\ \acute{E}lite\ undergrad}=-3.3129; p<0.001$ ). In other words, an elite undergraduate degree also increases the probabilities to become CEO.

In turn, the coefficient for Hypothesis 1c is negative and non-significant ( $\beta=-.452$ ). See Table 4.2. As graduate degrees slow the path to the top, even if they are awarded by elite institutions, the candidate may not be able to compete with the undergraduate degree holders in the time to top. Consequently, we have also run a regression controlling for highest degree acquired as a dichotomous ( $\beta= -.865$ ) and continuous ( $\beta= -.711$ ) variable. Both results reveal a negative and non-significant coefficient; therefore, the results do not suggest any influence, thus failing to support hypothesis 1c.

**Table 4.2.** Relationship between education variables and time to the top- Hierarchical regressions

Variables	Model 1 Control variables	Model 2 Highest degree earned	Model 3 Undergraduate field	Model 4 Elite undergraduate	Model 5 Elite abroad MBA
<b>Step 1- Control variables</b>					
Firm's age	.035 (.019) ^	.033 (.019) ^	.031 (.018)	.031 (.019)	.037 (.019) *
Sales	4.620E-005 (.000)	4.187E-005 (.000)	4.837E-005 (.000)	3.433E-005 (.000)	4.707E-005 (.000)
Industry Retail	1.231 (2.451)	1.290 (2.452)	2.118 (2.447)	2.302 (2.548)	1.515 (2.474)
Industry T. & Serv	-.101 (2.317)	-.018 (2.319)	.035 (2,284)	-.060 (2.350)	.169 (2.340)
Ind. Construction	1.261 (2.690)	.979 (2.706)	1.954 (2.669)	.597 (2.758)	2.437 (2.785)
Industry Manufact.	-.546 (1.893)	-.772 (1.907)	-.494 (1.866)	-.403 (1.910)	-.225 (1.918)
Capital origin Arg.	-.115 (3.223)	-.008 (3.225)	-.299 (3.178)	-1.309 (3.294)	-.603 (3.276)
Capital origin Brazil	1.903 (2.222)	2.088 (2.230)	1.750 (2.191)	1.053 (2.289)	1.027 (2.285)
Capital orig. Mexico	.223 (2.378)	.199 (2.378)	.077 (2.345)	-1.290 (2.516)	-.490 (2.425)
Capital orig. Chile	-2.355 (2.564)	-2.196 (2.570)	-2.899 (2.539)	-3.460 (2.683)	-3.021 (2.619)
Cap Peru & Colomb	.214 (3.217)	.505 (3.232)	.459 (3.173)	-.766 (3.257)	-.312 (3.269)
CEO's age	.353 (.077) ***	.356 (.077) ***	.343 (.076) ***	.363 (.078) ***	.352 (.079) ***
Kinship	-6.227 (1.460) ***	-5.809 (1,523) ***	-6,016 (1.443) ***	-6.065(1.508) ***	-6.479 (1.473) ***
CEO Origin	1.436 (1.838)	1.499 (1.840)	1.542 (1.813)	1.387 (1.852)	1.450 (1.853)
Gender	1.386 (4.940)	.686 (4.993)	2.069 (4.879)	1.080 (4.956)	-.095 (6.023)
Nationality	-2.807 (2.715)	-3.180 (2.743)	-4.000 (2.727)	-2.912 (2.735)	-2.586 (2.751)
<b>Step 2 -Key independent variables</b>					
Highest degree earned		1.364 (1.403)			
Undergraduate field			4.453 (1.952) *		
Elite undergraduate				.543 (1.463)	
Elite MBA abroad					-.452 (.920)
<b>Model diagnostics</b>	R <sup>2</sup> =.263 R <sup>2</sup> a=.181 F=3.206***	R <sup>2</sup> =.268 R <sup>2</sup> a=.180 F=3.072*** Δ R <sup>2</sup> =.005	R <sup>2</sup> =.289 R <sup>2</sup> a=.204 F=3.412*** Δ R <sup>2</sup> =.026*	R <sup>2</sup> =.268 R <sup>2</sup> a=.178 F=2.968*** Δ R <sup>2</sup> =.001	R <sup>2</sup> =.273 R <sup>2</sup> a=.185 F=3.110*** Δ R <sup>2</sup> =.001

Note: The table presents unstandardized coefficients, with standard errors in parentheses

<sup>^</sup>p<.10; \*p<.05; \*\*p<.01; \*\*\*p<.001

As to Hypothesis 2, a regression moderator analysis was run to test it, and interaction terms were constructed (Aiken & West, 1991). Hypothesis 2 suggests that the influence of education upon the time to the top will be stronger in multilatinas than domestic firms. Table 4.3 shows Model 6 with geographical expansion as moderator. The findings reveal that the interaction coefficient is positive and non-significant ( $\beta = 3.605$ ). Besides,  $R^2$  change shows 0.8% increase in variation explained by the addition of the interaction term, and this increase is not statistically significant; therefore, we cannot conclude that there is an interaction and hypothesis 2 is not supported. In our sample, CEOs with a high educational level leading multilatinas take longer to get to the top ( $M = 23.89$  years;  $SD = 7.782$ ) than those without such credentials ( $M = 18.33$  years;  $SD = 7.923$ ). The geographical expansion of the firm does not moderate the relationship between the highest degree earned and time to the top.

Finally, another moderated regression analysis was run in order to test Hypothesis 3. Interaction terms were constructed and results are shown in Table 4.3 Model 7. Findings show that the interaction coefficient is positive and significant ( $\beta = 4.815$ ;  $p < .10$ ). In turn,  $R^2$  change shows 1.4% increase in variation explained by the addition of the interaction term, and it is statistically significant. Thus, in family firms, a high educational level delays the time to the top. Therefore, Hypothesis 3 is supported. In our sample, CEOs with a high educational level leading family firms take longer to get to the top ( $M = 23.16$  years;  $SD = 8.358$ ) than those without such credentials ( $M = 18.39$  years;  $SD = 10.239$ ). Conversely, in non-family firms, the interaction coefficient is negative and significant ( $\beta = -4.815$ ;  $p < .10$ ). CEOs with graduate studies get faster to the top ( $M = 24.74$  years;  $SD = 7.128$ ) than those with just undergraduate studies ( $M = 26.21$  years;  $SD = 7.705$ ).

To establish the robustness of our findings, due to the correlation between age and time to top ( $r = .329$ ), we also ran the regression models excluding age, and the sign and significance level of the independent variables remained the same.

**Table 4.3** Geographical expansion and capital ownership as moderators (Model 6 and Model 7)

Variables	Control variables	Model 6 Highest degree x multilatina or not	Control variables	Model 7 Highest degree x Family firm or not
<b>Control variables</b>				
Firm's age	.034 (.019) ^	.034 (.019) ^	.034 (.019) ^	.037 (.019) ^
Sales	4.424E-005 (.000)	4.390E-005 (.000)	4.232E-005 (.000)	4.159E-005 (.000)
Industry Retail	1.343 (2.466)	1.107 (2.467)	1.561 (2.521)	1.394 (2.507)
Ind. Transp. & Services	.240 (2.461)	.297 (2.456)	.096 (2.347)	.153 (2.333)
Industry Construction	1.012 (2.717)	.881 (2.713)	.516 (2.960)	.597 (2.942)
Industry Manufacturing	-.535 (2.052)	-.674 (2.051)	-.507 (1.980)	-.390 (1.968)
Capital origin Argentina	.112 (3.257)	-.626 (3.301)	.141 (3.275)	-.463 (3.274)
Capital origin Brazil	2.168 (2.251)	1.679 (2.279)	2.179 (2.271)	2.005 (2.259)
Capital origin Mexico	.287 (2.402)	-.289 (2.439)	.312 (2.415)	-.389 (2.436)
Capital origin Chile	-2.061 (2.612)	-2.166 (2.608)	-2.487 (2.659)	-2.784 (2.648)
C. origin Peru & Colombia	.818 (3.386)	.815 (3.379)	.450 (3.264)	.536 (3.243)
CEO's age	.351 (.079) ***	.350 (.079) ***	.350 (.078) ***	.354 (.078)
Kinship	-5.779 (1.530) ***	-5.383 (1.559) **	-5.259 (2.150) *	-3.989 (2.269) ^
CEO Origin	1.452 (1.851)	1.241 (1.855)	1.467 (1.865)	1.088 (1.867)
Gender	.587 (5.019)	1.158 (5.028)	.421 (5.061)	1.520 (5.072)
Nationality	-3.145 (2.753)	-3.779 (2.792)	-3.168 (2.771)	-3.330 (2.755)
<b>Independent variables</b>				
Highest degree earned	1.493 (1.464)	-.298 (2.030)	1.363 (1.458)	-1.164 (2.099)
Geographical expansion Multilatina or local (M6)	-.520 (1.625)	-2.552 (2.278)		
Capital ownership- family firm or not (M7)			-.983 (2.048)	-4.351 (2.869)
<b>Interactions</b>				
Highest degree earned x multilatina or not (M6)		3.605 (2.837)		
Highest degree earned x family firm or not (M7)				4.815 (2.892) ^
		R <sup>2</sup> =.276		R <sup>2</sup> =.281
		R <sup>2</sup> a =.179		R <sup>2</sup> a =.182
<b>Model diagnostics</b>		F=2.834***		F=2.834***
		Δ R <sup>2</sup> =.008		Δ R <sup>2</sup> =.014^

Note: The table presents unstandardized coefficients, with standard errors in parentheses

^p<.10; \*p<.05; \*\*p<.01; \*\*\*p<.001

#### 4.4 Discussion

Contrary to our expectations, the influence of a high educational level on the time to the top in the Latin American environment (hypothesis 1) was not supported. These results differ from those offered by Hamori and Koyuncu, (2011) and Georgakakis *et al.*, (2016) who found that CEOs with a higher level of education (in USA and Europe) took a shorter time to ascend the corporate hierarchy. Even though a higher educational level was not found to influence the time to the top, 58% of our sample completed graduate and undergraduate studies, evidencing a strong professionalisation of the role (Windolf, 2002).

In turn, results show that a high educational level delays the time to the top in family firms (hypothesis 3) whereas the human capital theory is supported in non-family firms. Careers are shaped not only by the individuals' characteristics and actions, but also by the organisational and societal contexts in which those individuals are embedded (Grandjean, 1981). In Latin America, family firms are represented by important economic groups. Furthermore, in our sample, 71% of those firms are run by family members (See chapter 3). In fact, 95% of the CEOs without graduate studies and who got faster to the top than those with such credentials were family members. Therefore, despite the greater complexity faced by many of the family firms turned into MNCs, it seems that kinship prevails over a high educational background on the way to the top. We will examine in further detail the influence of kinship upon the time to the top in chapter six. We suggest that the lack of support to the human capital theory -high educational level-, in general, could be explained by the strong presence of family firms in the Latin American sample, since 56% of the participant firms are family-owned.

Regarding the effect of the geographical expansion, multilatina vs. domestic firm, Hypothesis 2 was not supported. In domestic firms, the time to the top is almost the same for CEOs with graduate studies and for those with undergraduate studies. Moreover, in multilatinas, CEOs with graduate studies took longer to get to the top than those with a lower educational level. We consider that these results need further research.

In our sample, 69% of the multilatinas are family-owned firms, as shown in Table 3.2 Chapter 3, and 39% of them are led by non-family CEOs. Most of those non-family CEOs had attained undergraduate and graduate studies. Yet, in our sample, CEOs with lower

educational credentials got faster to the top, and 70% of them were family members. Multilatinas had to learn to grow fast through acquisitions, which enabled them to reach a global scale in a relatively short period of time (Casanova, 2009); therefore, family CEOs, even equipped with inadequate educational skills to face the newly increasing complexity, could have made use of their high levels of social capital, strongly needed in uncertain environments (Minichilli, Brogi & Calabro, 2016), to tackle those challenges.

The findings reveal that Business or Engineering degrees increase the time to the top in comparison with degrees in other fields; thus, Hypothesis 1a was supported. Furthermore, participants appear to be cast from the same mould, as 144 out of 162 CEOs with undergraduate studies (89%) held degrees in Business or Engineering. Therefore, given that undergraduate education is a basic condition to start an executive career (Pérez Lizaur, 2005), and, that a strong professionalisation of the role is evident in Latin American firms, those degrees seem a basic condition to start competing for the CEO role, even though it may take them longer to be appointed.

The results fail to support the influence of elite institutions on the time to the top, in line with Koch *et al.* (2017). Several ideas could explain these findings. Firstly, having explored the influence of elite undergraduate degrees (hypothesis 1b), no support was found. Career success is dependent on the context (Mayrhofer & Schneidhofer, 2009), and, in Latin America, the concept of social cohesion, associated with members of a group sharing similar interests and with a widespread network of contacts, is particularly robust (Watkins-Fasslera *et al.*, 2017). We may conjecture that, since students are just starting their professional career and, consequently, the crucial outcomes of the networking processes are incipient, the fact of having attended an elite undergraduate institution may not influence upon the time to the top. Nevertheless, a considerable proportion of the CEO sample is composed of elite undergraduates (59%), which may evidence the previously described Latin American educational inequality in terms of the type of institutions attended (Guzmán-Valenzuela, 2016). In our study, elite undergraduates represent 78% over the total (Chile), 74% (Mexico), and 70% (Argentina), constituting Brazil the exception to the rule, with more non-elite (61%) than elite CEOs. Therefore, despite the lack of support for the hypothesis, it could be said that an elite undergraduate degree increases the probabilities to be promoted to the CEO role. In consonance with the elite theory, attaining academic credentials from elite educational

institutions plays a critical role in sharing a specific habitus, defined by Bourdieu (1986) as form of tacit knowledge acquired in an unconscious way and reproduced in daily interactions, which constitutes an important selection criterion for top management positions (Maclean *et al.*, 2010). In addition, these elite credentials contribute to reproducing elite networks by inculcating executives into the cultural capital (Bourdieu, 1996), that is to say, cultural habits, norms and social know-how expected of socio-economic elites.

Secondly, no statistically significant linear dependence was found regarding the influence of elite graduate degrees attained abroad on the time to the top (hypothesis 1c). It is worth noting that, in our sample, 17% of CEOs attended elite graduate institutions. In terms of education as a positional good, that degree shows a clear superior educational attainment relative to that of other candidates (Thurow, 1975); however, in our study, it does not reduce the time to the top. If we consider the companies where those elite graduate holders work, 78% of them are multilatinas. These findings are in line with those offered by Ryan *et al.* (2015), who posit that the graduates of more international universities appear to be more prized by large international employers than those of less internationally oriented institutions. Foreign elite institutions train executives more effectively to deal with the demands of the global business environment, offering them cultural and cosmopolitan capital (Bühlmann *et al.*, 2013), which is strongly valued by contemporary managerial business elites (Wagner, 2007). Similarly, in line with the attraction–selection–attrition framework (Schneider, 1983), multilatina employers, when screening candidates, are more likely to admit/promote new members resembling themselves. CEOs were hired/promoted, presumably, as they shared similar multicultural interests, evidenced by the signals offered by the graduate elite degree attained abroad (ambition to pursue an international executive career, adaptability to work effectively in other cultures, scholastic capital and socio-culturally symbolic value of foreign degree). In sum, even though the elite findings were not supportive of our hypotheses, results contribute to outline the educational background of CEOs in Latin American firms.

#### **4.5 Conclusions**

This study examines the influence of the educational variables on the time to the top for CEOs of Latin American firms. It addresses the lack of empirical research on the

influence of the human capital variables on CEOs' career success, specifically for executives of Latin American firms. Our findings provide empirical evidence about the educational background of CEOs in Latin America, extending the scant literature on CEO careers in Latin America, and they confirm the key role of organisational and societal contexts in which careers are embedded. This study also contributes to the understanding of careers by incorporating previously unexplored education variables in connection with the time to the top, like undergraduate and foreign elite graduate studies.

Our findings offer partial support to the human capital theory – education variable- in Latin America, highlighting the importance of cultural, socio-economic and institutional factors (relevance of family firms, unequal access to education, elite institutions, and performance of local/ regional universities). No support was found for the influence of a higher educational level on the time to the top. An additional finding of this study is that a higher educational level delays the appointment to the CEO role in family firms; whereas, in line with Western studies, it diminishes the time to the top in non-family ones.

In turn, the results suggest a strong professionalisation of the CEO role: Business or Engineering degrees are the most popular ones, but they increase the time to the top. In addition, 58% of the sample hold undergraduate and graduate studies, and 59% of the CEOs attained their undergraduate studies having attended elite institutions. Besides, 33% of them attended elite graduate institutions.

This study contributes to different strands of literature. It adds new perspectives to the human capital theory, which until now has largely been based on studies conducted in Western countries. Our results are consistent with the elite theory mirroring that, when candidates are about to enter the management board, the major individual qualifications they hold hardly vary (Biemann & Wolf, 2009). Even though no support was found for the influence of elite university degrees on the time to the top, they provide CEO candidates with a solid scholastic capital that enables them to face future business demands and/or forthcoming MBA studies while strengthening their social capital, and hence reinforcing the dynamics of inequality in Latin American societies.

As this paper offers partial support to the influence of education as generic human capital variable upon the time to the top for CEOs working in Latin American firms, we will

examine the influence of experience as another human capital variable in the following chapter.

Furthermore, it was already mentioned that family firms are key players in the Latin American environment, and, in our study, capital ownership was confirmed as a moderator variable. In addition, kinship was found as a variable significantly correlated to time to the top. Consequently, we will examine, in chapter 6, the influence of some human capital components upon the time to the top in family and non-family CEOs working for Latin American firms.

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## **CHAPTER 5. DOES EXPERIENCE ACCELERATE THE ROUTE TO THE TOP? EVIDENCE FROM CEOs OF LATIN AMERICAN FIRMS**

As previously stated, the objective of this chapter is to answer the following questions:

- Does a more traditional career model reduce the time to the top in CEOs working for Latin American firms?
- Does the firm's multinational status (multilatina or domestic firm) moderate the relationship between international experience and time to top?
- Does the number of international assignments increase the time to the top in CEOs working for Latin American firms? Does expatriation to the Latin American region reduce the time to the top in comparison with other international destinations?

### **5.1 Literature review and hypotheses**

Education and experience have been identified as the strongest and most consistent predictors of career progression (Judge *et al.*, 1995; Kirchmeyer, 1998). Although education is the most studied form of human capital, experience has been said to add to an individual what education alone cannot (Becker, 1975). Formal education is likely to provide more in-depth, analytical knowledge of a subject area than organisational tenure does, whereas organisational tenure is likely to provide more practical knowledge and hands-on skills less frequently provided by formal education (Ng & Feldman, 2010). Thus, in this chapter, we will explore the influence of experience upon the time to the top, understood as the number of years that executives took to be appointed to their current CEO roles since the beginning of their professional careers (Hamori & Kakarika, 2009), considering CEOs working for Latin American firms.

In this study, we employ several measures of work experience. One of them is firm specialisation, understood as the percentage of the CEO's career spent in the current firm (Forbes and Piercy, 1991). It aims to explore organisational tenure in the focal firm, construct that has been studied in the careers literature (Judge *et al.*, 1995; Hurley & Sonnenfeld, 1998; Ng *et al.*, 2005; Ng & Feldman, 2010). Another measure is the number of employers (Hamori

& Kakarika, 2009; Koch *et al.*, 2015). In addition, we will examine the prior role to be appointed as CEO (Cappelli & Hamori, 2005; Bower, 2007); and the international experience (Judge *et al.*, 1995; Daily *et al.*, 2000; Carpenter, Sanders & Gregersen, 2001; Georgakakis, Dauth & Ruigrok, 2016; Schmid & Wurster, 2017).

Organisational tenure, is one of the most applied operationalisations of work experience (Sturman, 2003). Senior workers, by staying longer in a firm, accumulate more specific knowledge about the organisational environment (Herrmann & Datta, 2002; Ng & Feldman, 2010). In turn, experience develops a wide range of skills, abilities, insights, and values over time that increase the individual's capacity for effective functioning in his/her organisation (de Pater *et al.*, 2009), improving job performance.

Research has not been conclusive on the effects of organisational tenure upon career success. On the one hand, in favour of a longer tenure in one firm or a reduced inter-organisational mobility among firms, it was shown to be positively related to managerial promotions, level and salaries (Cox & Harquail, 1991; Judge & Bretz, 1994; Judge *et al.*, 1995; Hurley & Sonnenfeld, 1998; Lyness & Thompson, 2000). The fact of changing employers might reduce human capital due to the limitation of the sources of influence – mentors, networks and visibility– needed to attain greater hierarchical status (Ellis & Heneman, 1990). On the other hand, a shorter organisational tenure or a greater inter-organisational mobility, understood as multiple-employer careers, has been shown to positively influence career success. This type of career path could lead to higher salaries and swifter promotion rates as changing employers represents a tactic often used to get a raise or a promotion that might not be forthcoming in the focal organisation (Gattiker & Larwood, 1990; Brett & Stroh, 1997; Dreher & Cox, 2000; Chen, Veiga & Powell, 2011). In addition, changing employers could be perceived as the acquisition of a more general and diversified experience (Stroh, Brett & Reily, 1992). Furthermore, individuals who have engaged more frequently in inter-organisational moves, may have spent more time building and maintaining external professional networks (Pearce & Randel, 2004), which offer information and resources that increase their organisational value (Seibert, Kraimer & Liden, 2001).

Regarding the impact of inter-organisational mobility, specifically on CEO careers, several studies have explored whether the CEO career model is traditional or boundaryless.

The former rests on the assumption that growth and development generally unfold within the context of an organisational career system. Traditional organizational career assumptions include upward hierarchical mobility in large, stable organizations with well-defined roles and positions connected to each other in fixed, predictable sequences (Bird, 1994; Arthur & Rousseau, 1996). Conversely, the boundaryless career assumes that the individual, rather than the organisation, takes an active role in managing his or her career, in a non-linear fashion, and that the career involves multiple organisations (Arthur & Rousseau, 1996).

Considering CEO samples in Europe and the United States, extant studies show the presence of the traditional career type combined with the increasing participation of boundaryless careers (Parrino, 1997; Cappelli & Hamori, 2005; Murphy & Zabochnik, 2007; Hamori & Kakarika, 2009; Freye, 2010; Koch *et al.*, 2015). Having examined the career histories of 500 CEOs in European and the American firms, Hamori and Kakarika (2009) identified that 25% of them spent their entire professional career in the same organisation. Moreover, both European and American CEOs, on average, have worked for three employers along their careers. In the same line, some years later, Koch *et al.*, (2015), having analysed the 100 Fortune CEOs, in the United States, show that more than 30% of them developed their careers in a single firm, confirming the traditional career pattern. In Latin America, the persistence of the traditional career model seems evident in the career of the 100 CEOs in Brazil, as they worked for two employers along their careers (Pohlmann & Valarini, 2013).

Concerning the relationship between career models or firm specialisation and the time to the top, Hamori and Kakarika (2009) found that those executives who had spent a smaller fraction of their careers in their current organisation or had changed employers more often, had taken longer to get to the CEO role. It is worth noting that firm specialisation is understood as the percentage of the CEO career spent in the current firm (Forbes & Piercy, 1991). It was already mentioned that even though the “career” concept is assumed as a universally-shared one, work and careers are embedded in economic and institutional environments (Mayrhofer, Meyer & Steyrer, 2007). Regarding CEOs working for Latin American firms, to our knowledge, no studies have explored this relationship.

It is well known that achieving a top management position is strongly influenced by the social capital and related social skills of the individual (Brass, Galaskiewicz, Greve &

Tsai, 2004). In Latin America, the level of trust in people who are not family or close friends is fairly low (Osland, De Franco & Osland, 1999). In turn, Latin Americans value personal relationships because these relationships traditionally have been important for advancement in life. These relationships, once established, are maintained and never placed in conflict or in question (Robles, Wiese & Torres-Baumgarten, 2015). Collectivistic cultures, like Latin American countries, seem less likely to adopt the idea of employability as a substitute for loyalty and commitment on the part of employees and employers (Baruch & Vardi, 2016). Furthermore, the long tenure of executives provides a high level of specific knowledge. Indeed, CEO firm-specific knowledge is crucial for their jobs (Zhang & Rajagopalan, 2010). A new CEO with deep firm-specific knowledge has a more complete picture of an organisation's resources and constraints, facilitating his/her decision-making process. Consequently, even considering the new realities about careers, Latin American firms will value and reward organisational tenure in their top executives as a way to expand the firm-specific knowledge, and, at the same time, to build trust. Thus, we propose:

**Hypothesis 1: A more traditional career model reduces the time to the top.**

**Hypothesis 1a: Having spent a larger fraction of the career in the current organisation (a higher firm specialisation) reduces the time to the top.**

**Hypothesis 1b: A lower number of employers in the career history reduces the time to the top.**

**Hypothesis 1c: Having spent the entire professional career in a single organisation (lifetime CEO) reduces the time to the top.**

International work experience constitutes another important element of human capital. It is thought to provide a depth of experience that develops specific international technical skills (Fink, Meierewert & Rohr, 2005), global leadership skills (Brewster & Suutari, 2005), general knowledge of international business and headquarters-subsiidiary relations (Carpenter *et al.*, 2001; Herrmann & Datta, 2005), and intercultural competencies (Suutari & Makela, 2007). Expatriate assignments, in line with human capital theory (Becker, 1975), offer valuable learning experiences that develop new knowledge and skills, which should be recognized and rewarded by organisations if they are superior to the ones offered by domestic work experience (Bolino, 2007). Furthermore, this type of experience is easily identifiable

on a resumé, providing a strong signal to potential employers that those candidates are well qualified (Spence, 1973), and that they have had a chance to acquire valuable experiences while working abroad (Biemann & Braakmann, 2013).

Human capital theory posits that expatriates may consider the overseas assignment as an investment, and that they will be willing to limit their progression in the short term for larger pay offs later on. In line with Thurow's (1975) queuing theory, employees assume that the acquired human capital will eventually differentiate themselves from other employees in future promotion processes. As a matter of fact, employees of organisations with a high level of internationalisation often believe that international experience is essential to be promoted to senior management levels (Kobrin, 1994). This assumption is confirmed by the literature, as organisations with a high degree of international exposure find overseas experience in candidates as the most valuable (Carpenter *et al.*, 2001; Herrmann & Datta, 2005; Bolino, 2007).

Multinational firms (MNCs) are substantially different from domestic ones (Kostova *et al.*, 2008). Multilatinas are part of the multinationals that have emerged from Latin America and evolved from local, family-owned, large business groups or state-owned companies with leading positions in their domestic markets (Casanova, 2009). Thus, multilatinas may operate differently than their less international counterparts (Fleury and Fleury, 2011). Compared to national firms, global firms may be more likely to promote executives with international experience (Baruch & Altman, 2002). Having had the experience of living in a different country, managers are better equipped to deal with the uncertainties and ambiguities associated with international operations (Sambharya, 1996). MNCs require managers who can lead culturally and geographically diverse teams and engage with business partners and other stakeholders in each foreign location (Bird and Mendenhall, 2016). Furthermore, internationally experienced managers may have acquired valuable skills and routines in dealing with business practices, culture and widespread norms of foreign countries, which are helpful for careers in MNCs (Schmid & Wurster, 2017). Even considering that emerging multinationals need international management capabilities and their development is still a work in progress for this type of firms (Meyer & Xin, 2018) as well as the fact that multilatinas have reached a global scale in a relatively short period (Casanova, 2009), we propose:

**Hypothesis 2: The influence of international experience upon time to the top will be stronger in multinationals than in domestic firms.**

International experience is positively related to objective career success (Judge *et al.*, 1995; Spreitzer, McCall & Mahoney, 1997; Ng *et al.*, 2005; Bolino, 2007), compensation and its growth (Ng *et al.*, 2005; Biemann & Braakmann, 2013; Ramaswami, Carter & Dreher, 2016). Extant literature identified that executives with international experience were more likely to be promoted to the CEO role (Daily *et al.*, 2000; Magnusson & Boggs, 2006). In empirical terms, Hamori and Koyuncu (2011) showed that 32% of the top 500 CEOs in Europe and United States had had international experience (40% in Europe versus 24% in the United States). These differences evidence that the value of international experience varies over different countries and regions. An international background for senior executives is of higher relevance in Europe and Japan than in the United States (Biemann & Wolf, 2009). In fact, in Europe, the percentage of CEOs in the top 100 largest companies, with overseas experience, has risen from 60% to 66% in the last 10 years (DHR, 2016). However, in Latin America, taking into account Brazilian CEOs with more than a year of international experience, the percentage is 22% (Pohlmann & Valarini, 2013).

From a human capital perspective, investments made via multiple expatriate assignments are likely to be richer and multidimensional than those gained from single expatriate assignments (Ramaswami *et al.*, 2016, p. 1965). Indeed, the most extensive learning of global skills comes about through careers involving multiple expatriate assignments in various cultural contexts (Suutari & Makela, 2007). Even though overseas exposure seems to positively influence career success, extant literature has also highlighted some limitations. As social network centrality with Headquarters (HQs) is an important criterion for fast promotion to senior management levels (Hurley, Fagenson-Eland & Sonnenfeld, 1997), if the number of international assignments is excessive or the duration too long, interpersonal networks may dissolve in the home organisation. As a result, executives may miss promotion opportunities (Linehan & Scullion, 2002) or delay their time to the top (Hamori & Koyuncu, 2011). Prior research has shown that, for CEOs with international experience who work for European and American firms, the road to the top is longer (Hamori & Kakarika, 2009; Hamori & Koyuncu, 2011). The more international assignments they had, and the longer the time they worked away from their organisations of

origin, the slower they would reach the CEO role. Thus, relying on prior literature on CEOs working for European and American firms, and in the absence of studies that explore the influence of the international exposure upon the time to the top in Latin American firms, it seems reasonable to suggest that:

**Hypothesis 3: A higher number of international assignments increases the time to the top.**

In addition to the time that managers decide to spend abroad, the destination where to gain international work experience can strongly influence an individual's career (Magnusson & Boggs, 2006). Depending on the country of choice, expatriated managers are spatially separated from the domestic market, and exposed to environments that differ considerably from those in their home country (Ghemawat, 2001). The amount of time spent on global work experiences was found to be positively related to senior managers' strategic thinking competence, presumably due to the leaders' exposure to new institutional environments that broaden their business perspective (Dragoni *et al.*, 2014), and this relationship was moderated by the cultural distance to the host country. Then, the more culturally distant the assignment, the richer the development of managerial competencies. Nevertheless, after having analysed the careers of 163 European CEOs and their international assignments, Georgakakis *et al.* (2016) concluded that the closer the assignment to HQ the faster the CEOs' road to the top. Other variables that were found to influence a faster road to the top were the length of the assignment— shorter duration—, and the stage of the career when those assignments are carried out—at the beginning of the career—.

In Latin America, the internationalisation process of multilatinas has been quite recent (Cuervo Cazorra, 2008), and it took place within their natural market, that is to say, firms focused their efforts on their own region, on countries that share their same history, language or that are geographically close (Casanova, 2010; Gonzalez Perez & Velez-Ocampo, 2014). Thus, on the basis of the above arguments, and the lack of extant literature about international assignments of CEOs from the Latin American firms, we propose:

**Hypothesis 4: Having been expatriated to the Latin American region reduces the time to the top in comparison with other international destinations.**

Finally, regarding the position that served as the key springboard to promoted CEOs, in other words, the role performed by future CEOs before being appointed, a considerable debate is proposed in the literature (Hurley & Sonnenfeld, 1998). A stream of research proposes that top managers need a corporate wide operating knowledge base, while some others suggest the importance of a core function expertise in the area of the organisation's chosen strategy.

In empirical terms, even when studies describe different realities, as the analysis of careers and their antecedents requires a consideration of context (Mayrhofer *et al.*, 2007), most of them do not explore the influence of the springboard role upon the time to the top. For example, Cappelli and Hamori (2005) point out that, in the United States, the Finance track will remain the dominant path towards a CEO position as long as the investor community wields a powerful influence on companies. In the same vein, according to Spencer Stuart (2004), the Chief Financial Officer (CFO) role was identified as the most common position prior to the CEO role among CEOs working for the top 500 firms of the Standard and Poor's (S&P) ranking, during the 1997-2004 period, followed by Operations and Marketing. Furthermore, confirming the relevance of the Corporate functional role as a springboard, more than half of Fortune 500 CEOs were appointed from the Chief Operations Officer (COO) role, and 5% were promoted directly from the CFO role (Sanders, 2011).

Conversely, having analysed 100 Fortune CEOs, Koch *et al.* (2015) show that executives rarely switch back from Operations and General Management to another function, evidencing the importance of generalist positions as springboards to the CEO role. According to the authors, this might simply suggest that the higher a position is in the hierarchy of a firm, the more likely it is to entail general management duties rather than specialised work. In the same line, in the United Kingdom, having studied 100 Financial Times Stock Exchange (FTSE) CEOs, the Divisional CEO role was identified as the most frequently performed role immediately prior to appointment (60% of the sample), while Corporate roles seemed not so relevant: CFO (16%) and COO (4%) (Manchester Square Partners, 2007).

Key positions can be defined as those essential for the strategy to be executed (Corporate Leadership Council, 2003), that is to say, roles that strongly influence upon the business in financial, market or organisational terms. In turn, top managers' selection is

strongly influenced by the executive's social capital (Brass *et al.*, 2004). Furthermore, according to Schein (1971)'s three-dimension model, every career is a sequence of moves along three paths: the person can move up, around, and in. Career progress could be made through (a) vertical movement which increases or decreases an employee's rank or level in the organisation, (b) horizontal movement which changes an employee's function or division in the organisation, and (c) inclusion or centrality. Centrality refers to the extent to which employees are more or less "on the inside" in an organisation. That it is to say, centrality is measured by the degree to which company secrets are entrusted to this person, as well as by ratings of others of his position, and by his/her greater power and authority, and greater discretion to make decisions. At the same token, individuals who hold more central positions in their firms, who are more central in organisational social networks, and who have greater access to resources and information, will advance faster (Seibert *et al.*, 2001).

In the Latin American landscape, regional economies over the past 15 years have, on average, grown faster (3%) than those of developed regions (McKinsey Global Institute, 2017). At the same time, multilatinas had to learn how to grow fast through acquisitions, which enabled them to reach a global scale in a relatively short period (Casanova, 2009). As EMNCs, multilatinas had to overcome the liability and competitive disadvantage that stem from being latecomers lacking the resources and capabilities of established MNCs from the most advanced countries (Guillén & García-Canal, 2009). Consequently, Corporate roles may have been key through those growth and internationalization stages. This centrality is also supported due to the fact that the change towards MNC operations leads to changes in the company's Corporate HQ systems (McInnes, 1971). In turn, those new Corporate roles could have offered executives a greater exposure to key decision makers, validating their managerial potential to perform the future CEO role. The performance of those candidates, as in any top management selection process, will be scrutinized through specific social work situations by the decision makers from the dominant elite (Vinkenburg, Jansen, Dries & Pepermans, 2014), who attend HQ offices. Therefore, we suggest:

**Hypothesis 5: In promoted CEOs working for multinational firms, a Corporate springboard role reduces the time to the top in comparison with a Divisional one.**

## 5.2 Methodology

The sample as well as the data collection strategy, the information about the dependent variable (time to the top) and the analytical procedures are detailed in Chapter 3, Methodology and descriptive results.

### 5.2.1 Variables

#### *Independent variables*

We measured the traditional career model with different variables: CEO firm specialisation, number of employers, and lifetime CEO.

CEO firm specialisation. Percentage of the CEO's career spent in the current firm (Forbes & Piercy, 1991). This variable is calculated as the number of years of firm tenure (length of time an individual has remained within a focal firm) divided by the total number of years worked, since the career started.

Number of employers. Number of firms where a CEO worked throughout his/her career (Ryan & Wang, 2012; Custodio, Ferreira & Matos, 2013). As outliers may influence the number of employers, in line with Hamori and Kakarika (2009), we also used an alternative measure- Lifetime CEO, which is a binary variable where 1 signifies that the CEO has spent an entire professional career with the same organisation.

International experience. It was classified as a binary variable where 1 signifies that the CEO has worked in a country different from his/her country of origin (Carpenter, Sanders, & Gregersen, 2001; Hamori & Koyuncu, 2011; Suutari *et al.*, 2018).

Number of international assignments specifies the quantity of assignments the CEO had along the career and it indicates the breadth of the CEO's international experience (Hamori & Koyuncu, 2011).

Destination of international assignments was coded as a dummy variable, identifying no international experience, international experience in Asia, in Latin America, in Europe, in North America, and a combination of European and Latin American destinations.

Prior role to CEO appointment. It was classified as a binary variable: Corporate functional role or SBU/Divisional role.

### ***Moderating role of Geographical scope for international experience***

Geographical scope. We categorized between local and multinational firms, using the binary variable where 0 signifies local.

### ***Control variables***

In order to adequately examine the relationship between experience and time to the top, we controlled for a set of variables identified by previous studies as influencing executives' careers.

The type of industry exerts an influence on the velocity of promotion of executives (Cappelli & Hamori, 2005). Industry background was classified according to *Clasificación de Actividades Económicas para el Mercosur* (Classification of Economic Activities for Mercosur) through dummy variables: manufacturing, energy-electricity, gas and mining activity, transportation and telecommunications, information and financial services, retail, and construction.

It was already stated that an organisation's characteristics affect the nature of the jobs within it (Baron, 1984) and, then, careers will be shaped by differences in the level of skills demanded by different jobs (Bidwell & Briscoe, 2010). We categorise between local and multinational firms, using the dummy variable where 0 signifies local.

Getting ahead faster depends on the size of the organisation where the executive is employed (Hamori & Koyuncu, 2011; Ng *et al.*, 2005). Larger organisations offer more opportunities for advancement (Judge *et al.*, 1995). Organisation size is represented by the total annual sales of the organisation in 2013.

Executives from younger companies get to the top much faster apparently by having fewer steps in their promotion ladder (Cappelli & Hamori, 2001). Firm's age equals the number of years from the year of incorporation to 2013.

As our sample is composed of executives who work in different country of origin organisations, capital origin -the country where the company was incorporated- is

represented with six dummy variables: Argentina, Brazil, Mexico, Chile, Colombia and Peru, and Others (Panama and 2 combined countries).

We also controlled for several CEO characteristics. We used the binary variable gender to control for potential gender bias (Martelli & Abels, 2010) where 1 signifies female CEOs.

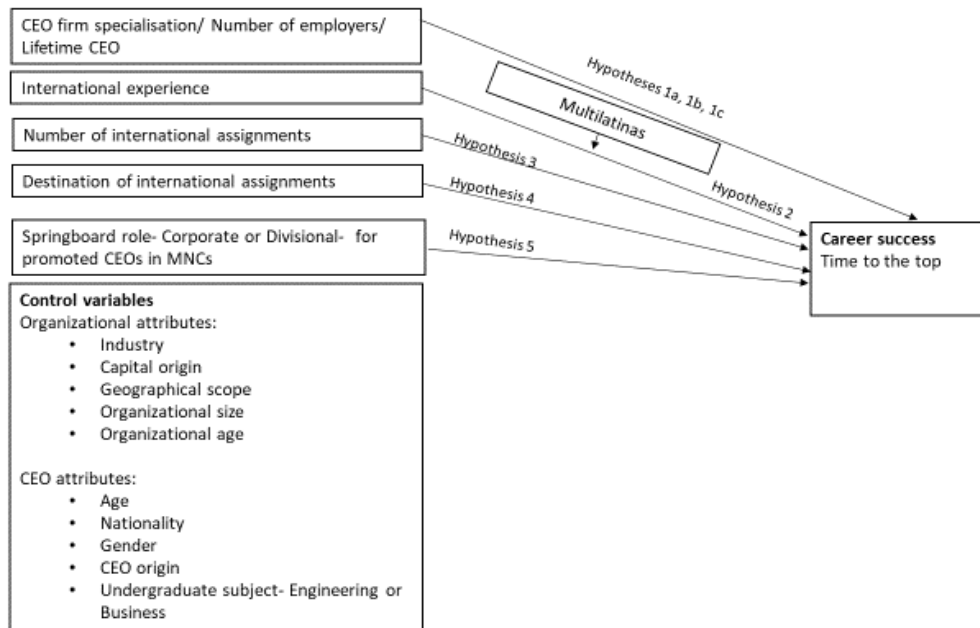
We included the CEO age (age in 2013) to control for possible changes in career patterns over the last decades (Hamori & Koyuncu, 2011).

Research has shown that CEOs with foreign nationalities are more likely to have international experience (Greve, Biemann & Ruigrok, 2015). We thus controlled for nationality taking the value of 1 if a CEO is of the same country as the country of origin of the MNC or otherwise.

Undergraduate degree. Since the influence of the higher educational level upon the time to the top was not supported in Latin American firms, as shown in chapter four, we employed the undergraduate degree (Business or Engineering) variable which did find support. We classified it as a dummy variable Undergraduate subject, Business or Engineering or not.

We considered an additional control variable, kinship, to explore the moderator role of geographical experience. The careers of family members, within family firms, are shorter and faster than those of non-family executives (Schulze, Lubatkin, Dino, & Buchholtz, 2001; Schulze, Lubatkin, & Dino, 2003). In Latin America, family-owned businesses play a key role in the economic arena. Therefore, we controlled for CEO kinship, classified as a binary variable: family member/ founder or non-family member. We classified, based on Mullins & Schoar (2016), as a family member CEO if he or she is a founder or a relative either of the founder or of shareholders who own at least 30% of the firm.

Figure 5.1 shows the relationships among the control variables, the independent variables, and the dependent variable.



**Figure 5.1.** Research model on experience as antecedent of career success-time to the top, proposed by the authors and based on Hamori and Kakarika (2009)

### 5.3 Results

Descriptive results are shown in chapter 3.

The correlations of the dependent variable and the key independent variables in the analysis are shown in Table 5.1. If we look into the influence of control firm variables upon time to the top, a weak correlation was observed between the age of the firm and the time to the top (Pearson's correlation coefficient,  $r=.123$ ;  $p<.10$ ). So, the older the firm, the more years it takes to get to the top. Then, these results are in line with the literature that states that executives from younger companies get to the top faster by having fewer steps in their promotion ladder.

Between time to the top and the country of origin of firms, different weak correlations were found, positive and negative (Pearson's correlation coefficient, ranging from  $r=.108$  to  $r=-.102$ ;  $p<.10$ ). In addition, the correlation between time to the top and geographical expansion- multinational or domestic firm- was also weak and negative (Pearson's correlation coefficient,  $r=-.110$ ;  $p<.10$ ). Overall, organisational attributes, posited as

predictors by the western literature, partially influence CEO time to the top in Latin American firms.

In turn, considering the influence of CEO attributes upon time to the top, age shows a moderate correlation between variables (Pearson's correlation coefficient,  $r=.326$ ;  $p<.001$ ) as well as kinship (Pearson's correlation coefficient,  $r=-.303$ ;  $p<.001$ ). In line with the literature, older CEOs have taken longer to reach the CEO post (Hamori & Koyuncu, 2011). As shown in Table 5.1, a Business or Engineering degree is weakly correlated to time to the top (Pearson's correlation coefficient,  $r=.187$ ;  $p<.05$ ). In short, results indicate that age, kinship, and the undergraduate degree explain some variations in time to the top in incumbent CEOs.

By carrying out a correlation analysis before we fit the regression equations, we can see if any of the explanatory variables are very highly correlated and avoid this problem. As the variables Firm Specialisation, Number of Employers and Lifetime CEO are highly correlated ( $r=.67$  to  $.73$ ), we employed those sets of variables as operationalisations of the "traditional career" strategy.

In addition, those variables are also moderately correlated to kinship: Firm Specialisation ( $r=.454$ ;  $p<.001$ ); Number of Employers ( $r=-.407$ ;  $p<.001$ ); and Lifetime CEO ( $r=.416$ ;  $p<.001$ ), so we excluded kinship as a control variable from this study. We will only employ it when we examine international experience and the moderating role of geographical expansion since their correlation is weak.

**Table 5.1.** Correlations

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18
1. Time to the top	1.000																	
2. Firm's age	.123 <sup>^</sup>	1.000																
3. Sales	.010	.008	1.000															
4. Cap. origin Argentina	.028	.047	-.057	1.000														
5. Cap. origin Brazil	.108 <sup>^</sup>	-.222 <sup>*</sup>	.122 <sup>^</sup>	-.197 <sup>*</sup>	1.000													
6. Cap. origin Mexico	-.035	.140 <sup>*</sup>	.016	-.149 <sup>*</sup>	-.441 <sup>***</sup>	1.000												
7. Cap. origin Chile	-.102 <sup>^</sup>	.146 <sup>*</sup>	-.038	-.103	-.305 <sup>***</sup>	-.231 <sup>**</sup>	1.000											
8. Cap. Peru & Colombia	-.009	-.003	-.071	-.070	-.208 <sup>**</sup>	-.157 <sup>*</sup>	-.108 <sup>^</sup>	1.000										
9. Multilatina	-.110 <sup>^</sup>	.058	.143 <sup>*</sup>	-.033	-.083	.015	.096	.240 <sup>***</sup>	1.000									
10. Gender	.035	-.140 <sup>*</sup>	-.018	-.036	.085	-.080	-.055	.145 <sup>*</sup>	-.064	1.000								
11. Nationality	-.105 <sup>^</sup>	-.009	.007	-.049	.018	.016	-.060	.066	.003	.034	1.000							
12. Age	.326 <sup>***</sup>	.064	-.097	.151 <sup>**</sup>	-.095	.070	-.092	.104 <sup>^</sup>	-.179 <sup>*</sup>	-.056	-.081	1.000						
13. Kinship	-.303 <sup>***</sup>	.012	.100	.046	-.140 <sup>*</sup>	.220 <sup>*</sup>	-.113 <sup>^</sup>	.073	.048	-.116 <sup>^</sup>	.094	.069	1.000					
14. Undergrad Business & Eng	.187 <sup>**</sup>	.127 <sup>^</sup>	-.015	.020	-.024	-.044	.151 <sup>*</sup>	-.047	.124 <sup>^</sup>	-.087	.072	.057	-.106 <sup>^</sup>	1.000				
15. Firm specialisation	-.192 <sup>**</sup>	.123 <sup>^</sup>	.123 <sup>^</sup>	.083	-.313 <sup>***</sup>	.269 <sup>***</sup>	.054	.003	.049	-.135 <sup>*</sup>	.122 <sup>^</sup>	.075	.454 <sup>***</sup>	-.091	1.000			
16. No. of employers	.125 <sup>^</sup>	-.142 <sup>*</sup>	-.103 <sup>^</sup>	-.146 <sup>*</sup>	.222 <sup>**</sup>	-.247 <sup>***</sup>	.013	.085	-.032	.202 <sup>^</sup>	-.087	-.052	-.407 <sup>***</sup>	.073	-.674 <sup>***</sup>	1.000		
17. Lifetime CEO	-.166 <sup>*</sup>	.112 <sup>^</sup>	.085	.078	-.171	.203 <sup>^</sup>	-.033	-.097	.013	-.125 <sup>^</sup>	.166 <sup>*</sup>	.007	.416 <sup>***</sup>	-.076	.687 <sup>***</sup>	-.738 <sup>***</sup>	1.000	
18. No. of intrnl. assignments	.175 <sup>*</sup>	.160 <sup>*</sup>	.015	.109 <sup>^</sup>	-.062	-.093	.021	-.061	.123 <sup>^</sup>	-.021	-.297 <sup>***</sup>	-.064	-.111 <sup>^</sup>	.049	-.189 <sup>**</sup>	.049	-.152 <sup>*</sup>	1.000

Note: <sup>^</sup>p<.10; \*p<.05; \*\*p<.01; \*\*\*p<.001

Table 5.2 presents the results of the regressions. Negative coefficients suggest that the predictor reduces the time for the executive to reach the CEO role, and consequently, it will generate greater career rewards for the individual. In order to test Hypothesis 1 and 2, we first introduced the control variables in step 1 (Model 1 of Table II) and the key independent variables: firm specialisation, number of employees, and lifetime CEO in steps 2, 3, 4 (Models 2, 3 and 4 respectively) in addition to the control variables. In Model 1, 19.3% of the dependent variable's variance is explained by control variables. This result can mainly be attributed to CEOs' age (significant at the  $p < .001$  level), and the undergraduate subject ( $p < .05$ ). Furthermore, collinearity diagnostics show a moderate correlation among factors (VIFs between 1.065 and 2.96), so collinearity was not a problem (Cohen, Cohen, West, & Aiken, 2003).

Hypothesis 1a proposes that having spent a larger fraction of the career in the current organisation (a higher firm specialisation) reduces the time to the top. The results of the regression show that the coefficient is negative and statistically significant ( $\beta = -4.711$ ;  $p < .05$ ).  $R^2$  change shows 2.7% increase in variation, and this increase is statistically significant. See Table 5.2 Model 2. Thus, Hypothesis 1a is supported. In other words, the higher the percentage of the career spent in the organisation she/he currently leads, the faster the road to the top.

In turn, Hypothesis 1b proposes that a higher number of employers in the career history increases the time to the top. After having run the hierarchical multiple regression, findings reveal a positive coefficient which is not statistically significant ( $\beta = .688$ ). See Table 5.2 Model 3. Therefore, Hypothesis 1b is not supported. We have also run a regression considering the number of employers in proportion to the years worked along the career, and the coefficient was not statistically significant either. In our sample, 45% of the participants have worked for only one company, while 20% and 14% of them have worked for two or three firms respectively. The rest of the participants worked for more employers (up to eight) but they represent a very small percentage of the total.

Finally, bearing in mind that, in our sample, lifetime CEOs represent 45% of the participants, we explored this variable in order to validate hypothesis 1c. As shown in Table 5.2 Model 4, the coefficient is negative and statistically significant ( $\beta = -2.469$ ;  $p < .10$ ).  $R^2$  change shows 1.5% increase in variation, and this increase is statistically significant. Then, a traditional career, in other words, having spent the entire professional career with one organisation reduces the time to the top. In fact, the time to the top for

lifetime CEOs is shorter ( $M=21.41$  years;  $SD=9.19$ ) than for those CEOs with more than one employer ( $M=24.21$  years;  $SD=8.33$ ). Thus, hypothesis 1c is supported.

**Table 5.2.**

Relationship between experience variables and time to the top- Hierarchical regressions

Variables	Model 1 Control variables	Model 2 Firm specialisation	Model 3 Number of employers	Model 4 Lifetime CEO	Model 5 No. internat. Assignments
Firm's age	.032 (.020)	.034 (.020) ^	.034 (.020) ^	.035 (.020) ^	.024 (.020)
Sales	2,124E-005 (.000)	4,513E-005 (.000)	3,346E-005 (.000)	3,242E-005 (.000)	2,215E-005 (.000)
Industry Retail	-.160 (2.553)	.621 (2.542)	.427 (2.569)	.698 (2.592)	.598 (2.534)
Ind. T. & Services	-1.636 (2.522)	-.927 (2.507)	-1.475 (2.512)	-1.419 (2.517)	-1.278 (2.488)
Ind. Construction	.518 (3.085)	1.027 (3.051)	.764 (3.074)	1.054 (3.088)	1.044 (3.045)
Ind. Manufacturing	-1.721 (2.120)	-.856 (2.126)	-1.136 (2.144)	-.964 (2.184)	-1.305 (2.095)
Capital origin Chile	-2.710 (2.741)	-2.552 (2.705)	-2.761 (2.729)	-3.237 (2.774)	-1.632 (2.738)
C. origin Peru & Colombia	-.581 (3.481)	-.589 (3.433)	-.850 (3.469)	-1.404 (3.499)	.829 (3.479)
Cap. origin Argent.	-1.180 (3.388)	-.596 (3.351)	-.529 (3.398)	-1.029 (3.376)	-.898 (3.337)
Cap. origin Brazil	1.840 (2.320)	1.069 (2.314)	1.501 (2.320)	1.291 (2.335)	2.857 (2.325)
Cap. origin Mexico	-.995 (2.497)	-.449 (2.475)	-.666 (2.495)	-1.044 (2.489)	.132 (2.505)
Geographical expansion	-.190 (1.680)	-.447 (1.661)	-.336 (1.675)	-.197 (1.692)	-.752 (1.672)
CEO's age	.330 (.083) ***	.341 (.082) ***	.330 (.083) ***	.335 (.083) ***	.345 (.082) ***
Gender	3.636 (5.172)	2.870 (5.113)	2.511 (5.200)	3.155 (5.162)	3.280 (5.095)
Nationality	-4.156 (2.723)	-2.837 (2,750)	-3.722 (2.725)	-2.744 (2.859)	-1.891 (2.850)
Undergrad. subject	4.268 (2.032) *	3.992 (2.008) *	4.268 (2.032) *	4.254 (2.064) *	4.130 (2.001) *
<b>Independent variables</b>					
Firm specialisation		-4.711 (2.106) *			
No. of employers			.688 (.448)		
Lifetime CEO				-2.469 (1.491) ^	
No. international assignments					2.138 (.911) *
	R <sup>2</sup> =.193	R <sup>2</sup> =.220	R <sup>2</sup> =.206	R <sup>2</sup> =.210	R <sup>2</sup> =.223
	R <sup>2</sup> a=.103	R <sup>2</sup> a=.127	R <sup>2</sup> a=.111	R <sup>2</sup> a=.115	R <sup>2</sup> a=.130
<b>Model diagnostics</b>	F=2.137**	F=2.362**	F=2.169**	F=2.209**	F=2.399**
		Δ R <sup>2</sup> =.027*	Δ R <sup>2</sup> =.013	Δ R <sup>2</sup> =.015^	Δ R <sup>2</sup> =.030*

Note: The table presents unstandardized coefficients, with standard errors in parentheses

^p<.10; \*p<.05; \*\*p<.01; \*\*\*p<.001

Concerning Hypothesis 2, which suggests that the influence of international experience upon time to the top will be stronger in multilatinas than in domestic firms, a regression moderator analysis was run to test it, and interaction term was constructed (Aiken & West, 1991). Kinship was considered as another control variable as it is not strongly correlated with international experience and CEO origin was also considered. Findings reveal that the interaction coefficient is negative and non-significant ( $\beta = -3.426$ ). Besides,  $R^2$  change shows 0.6% increase in variation explained by the addition of the interaction term, and this increase is not statistically significant, so we cannot conclude that there is an interaction. See Table 5.3 Model 6. Thus, Hypothesis 2 finds no support. In addition, in multilatinas, CEOs with international experience take a longer time to the top ( $M=23.61$  years;  $SD=7.053$ ) than those without it ( $M=21.14$  years;  $SD=8.788$ ). In turn, in local firms, CEOs with international experience also take longer to get to the top ( $M=26.50$  years;  $SD=7.711$ ) than those without it ( $M=23.28$  years;  $SD=9.755$ ).

**Table 5.3.** International experience and time to the top and geographical scope as moderator (Model 6)

Variables	Control variables	Indep. variables	Intern. exp. x multilatina
Firm's age	.032 (.019) ^	.029 (.019)	.029 (.019)
Sales	4.55E-005(.000)	5.141E-005 (.000)	5.107E-005 (.000)
Industry Retail	2.080 (2.466)	3.032 (2.491)	3.378 (2.510)
Industry Transp. & Services	.103 (2.303)	.968 (2.428)	1.119 (2.430)
Industry Construction	1.289 (2.923)	1.874 (2.917)	2.658 (3.005)
Industry Manufacturing	-.301 (1.872)	.678 (2.056)	.879 (2.063)
Cap. origin Chile	-3.260 (2.587)	-2.905 (2.583)	-2.247 (2.652)
Cap. origin Peru & Col.	.287 (3.194)	1.482 (3.312)	1.767 (3.321)
Cap. origin Argentina	-.335 (3.200)	-1.158 (3.222)	-.888 (3.230)
Cap. origin Brazil	1.840 (2.214)	2.466 (2.219)	3.084 (2.290)
Cap. origin Mexico	.029 (2.361)	.910 (2.387)	1.485 (2.445)
CEO's age	.353 (.076) ***	.358 (.078) ***	.375 (.080) ***
Kinship	6.217 (1.478) ***	6.289 (1.467) ***	6.240 (1.467) ***
CEO Origin	1.217 (1.803)	1.816 (1.834)	1.644 (1.840)
Gender	1.813 (4.912)	1.399 (4.877)	.908 (4.895)
Nationality	-3.223 (2.621)	-1.259 (2.768)	-.900 (2.786)
Undergrad. Subject	3.687 (1.916) ^	3.603 (1.910) ^	3.541 (1.910) ^
<b>Independent variables</b>			
International experience		3.343 (1.637) *	5.717 (2.743) *
Geographical scope - Multilatina		-1.311 (1.633)	-.362 (1.854)
<b>Interaction</b>			
Internat. experience x geographical scope			-3.426 (3.176)
<b>Model diagnostics</b>			
	R <sup>2</sup> =.284	R <sup>2</sup> =.305	R <sup>2</sup> =.311
	R <sup>2</sup> a=.198	R <sup>2</sup> a =.211	R <sup>2</sup> a =.212
	F=3.314***	F=3.240***	F=3.140***
		Δ R <sup>2</sup> =.021	Δ R <sup>2</sup> =.006

Note: The table presents unstandardised coefficients, with standard errors in parentheses

^p<.10; \*p<.05; \*\*p<.01; \*\*\*p<.001

As no support was found regarding the moderation of the geographic scope on the relationship between international experience and time to the top, we considered the whole sample (multilatinas and domestic firms) for our next hypothesis. Thus, concerning the number of international assignments, Hypothesis 3 proposes that a higher number of expatriations delays the time to the top in Latin American firms. We first introduced the control variables in step 1 (Model 1 of Table II) and the key independent variable number of international assignments (Model 5) in addition to the control variables. Table 5.2 Model 5 shows that the coefficient is positive and significant ( $\beta= 2.138$ ;  $p<.05$ ).  $R^2$  change shows 0.3% increase in variation, and this increase is statistically significant. Hence, Hypothesis 3 finds support. In other words, the more the international assignments, the longer the road to the top. In fact, in our sample, the time to the top is longer for CEOs with more than one assignment ( $M=24.38$  years;  $SD=7.622$ ) in comparison with those with one assignment ( $M=22.96$  years;  $SD=6.785$ ) or with no international experience ( $M=22.28$  years;  $SD=9.351$ ).

Concerning the destinations of the international assignments, after having employed dummy variables, and considering Latin America as the reference category, no significant differences were found among destinations. See Table 5.4. Thus, hypothesis 4 finds no support.

**Table 5.4.** Relationship among international destinations considering Latin America as reference - Hierarchical regression

<b>International destinations</b>	
Europe	-3.076 (4.011)
North America	-1.148 (3.257)
Asia	2.067 (4.931)
Combined Europe and Latin America destinations	4.067 (3.321)
No international destinations	-1.657 (2.404)
	F=1.216
	R <sup>2</sup> =.036

Note: The table presents unstandardised coefficients, with standard errors in parentheses

<sup>^</sup>p<.1; \*p<.05; \*\*p<.01; \*\*\*p<.001

Finally, in order to test Hypothesis 5, we examined the promoted CEOs to analyse the influence of the springboard roles upon the time to the top. In our total sample, 57% of the participants held Divisional roles while the rest held Corporate roles (43%). The time to the top for CEOs having held Corporate springboard roles is (M=23.43 years; SD=8.91) in comparison with CEOs with Divisional springboard roles (M=24.29 years; SD=7.365). No significant differences were found.

Nevertheless, having considered only the promoted CEOs who work for Latin American multinational firms, a statistically significant difference was found between the time to the top means of CEOs having held prior Corporate roles (M=20.62 years; SD=7.79) and Divisional roles (M= 23.74 years; SD = 6.61),  $t(62) = 1.672$ ;  $p=.10$ . Thus, hypothesis 5 is supported.

Robustness checks. In line with the findings of Hamori and Koyuncu (2011), age explains a considerable part of the dependent variable ( $r=.326$ ). We thus re-ran the regression models excluding age, and results remained stable.

## **5.4 Discussion**

We found partial support for our research hypotheses concerning the traditional career model and the time to the top. Results confirm that a higher firm specialisation (larger fraction of the career in the current organisation) reduces the time to the top. Yet, the hypothesis that a lower number of employers decreases the time to the top found no support. However, when we analysed lifetime CEOs, those executives who have spent their entire professional career in one organisation, and who represent 45% of the sample, we found that CEOs who worked for just one employer got faster to the top. According to prior literature (Finkelstein & Hambrick, 1996; Harris & Helfat, 1997), several variables may account for the traditional/organisational career: more effective social networks; being part of the “inner core” of the firm, as well as firm-specific skills. If firm-specific knowledge is highly appreciated and relatively difficult to learn, the firm is more likely to promote internal candidates as CEOs. At the same time, this provides incentives for employees to invest in particular firm-specific knowledge. In addition, considering the Latin American context, we may take into account its institutional environment as well as its culture. Regarding the latter, we have already mentioned the importance of personal relationships and trust (Robles *et al.*, 2015). Latin Americans are more likely to

place greater trust in members of the same group or class than in those who are not. Outsiders are, thus, at a disadvantage in gaining the level of trust necessary to conduct business transactions (Osland *et al.*, 1999). Moreover, as to the former, 56% of the firms in our sample are family-owned. Even when relationships are important in every business, they are even more important in family firms due to the complex intertwinement of family and business relationships (Zellweger & Sieger, 2012). All these factors strengthen the importance of the organisational tenure for potential CEOs in order to build relationships, gain trust, and develop firm-specific skills. Then, organisations will reward those executives with a shorter time to the top.

As to the influence of the international experience upon the time to get to the CEO role, our hypotheses found partial support as well. One of the striking results is that the multinational status does not moderate the relationship between international experience and time to top (hypothesis 2). We offer alternative explanations for this finding. Taking into account that multinationals, as EMNCs, have grown very quickly in a very short period of time, their senior management teams may lack international expertise (Meyer & Xin, 2017). In addition, this result could also be attributed to the fact that organisations select candidates for leadership positions who are perceived to be similar to those already in power (Kanter, 1977). Nevertheless, we consider this result deserves further exploration. As staying abroad is one of way to gain relevant human capital for managing MNCs (Schmid & Dauth, 2014), it would be interesting to look into alternative approaches to increase that human capital, such as the international education earned (Lee & Park, 2008) or the responsibility for international activities while staying in the home country (Hamori & Koyuncu, 2011).

In turn, concerning the number of international assignments, in line with the literature, (Hamori & Kakarika, 2009; Hamori & Koyuncu, 2011), our findings reveal that a higher number of international assignments delays the time to the top. As the development of internationally experienced senior managers takes time (Meyer & Xin, 2017), we consider central for multinationals to ponder alternative rewards to be offered to those international executives in order to retain them and to “mitigate” their deferred appointment to the top. In fact, in our sample, 60% of the executives with international experience have had only one assignment along their careers. We may hypothesize that as organisations have grown very quickly, at that point in time, one assignment was

considered enough to account for international exposure. A rival explanation is that the individual career management strategy of future CEOs intended to mitigate the delaying effects of more international assignments, while recognizing, at the same time, the value added of the international experience. Then, they may have chosen to be transferred just once.

Hypothesis 4 suggested that having been assigned to Latin American destinations, closer to HQs, reduces the time to the top. No significant differences were found among destinations. These results differ from the findings offered by Georgakakis *et al.* (2016) studying European firms. Nevertheless, it is worth noting that the sample was small, as just 31% of the participants had international experience. Therefore, it would be interesting to retest this hypothesis in bigger Latin American CEO samples.

Finally, our findings offer support to the influence of the Corporate springboard role upon the time to the top in multinational firms. When CEO candidates develop a Corporate role, their work takes place at HQ, the strategic apex of a company (Chandler, 1991). In turn, the performance of those top managers will be examined through specific social work situations by the decision makers, who also frequently work/ attend HQ offices. It was previously mentioned that the achievement of a top management position depends largely on social capital and related social skills (Brass *et al.*, 2004), and decision makers in HQ are more familiar with employees they have personally observed (Hurley & Sonnenfeld, 1998). Thus, we contend that this familiarity, the strength of the networks developed as well as the exposure while performing the Corporate role contribute to getting faster to the top in multinational firms.

## **5.5 Conclusions**

Our results contribute to human capital and career literature confirming that, for CEOs working for Latin American firms, a more traditional career, with higher firm specialisation or having spent the entire career in one organisation, does pay off in speed of ascent to the top position. Even though scholars have asserted that careers are becoming more protean in nature, our study shows that the traditional career is still the most likely type of career for CEOs in Latin American firms. This study complements prior research on CEO career patterns in a new geographic region: executives who vie for the top position show a similar mobility pattern across organisations in Europe, United States,

and in Latin America. Thus, results evidence a convergence trend, in the same direction as Western MNCs, towards organisational careers for CEOs. Nevertheless, it is worth noting that CEO traditional careers, which are common in large firms, might be less important in smaller firms. It is known that this type of career is predicated on employment stability, employee loyalty, and reasonable expectations about career advancement opportunity to gain requisite experience (Arthur, 1994), and those conditions are more easily affordable for larger organisations. In fact, larger organisations tend to provide more opportunities for skill development (Bidwell & Briscoe, 2010) as well as greater management challenges for their executives (Brown, Hamilton & Medoff, 1990) in comparison with smaller ones. Besides, the current study reveals another unexplored variable: the Corporate springboard role reduces the time to the top in Latin American MNCs. A striking aspect is that even though the firms in the region have undergone a strong internationalization process, they seem to reward, through a shorter time to the top, those CEO candidates who have previously worked in Corporate roles in HQs and with limited or no international experience.

Our results also expand research on human capital, career and international management literature in Latin America. As previously mentioned, findings show that, in line with prior studies from the United States and Europe, a higher number of international assignments delays the time to the top in Latin American firms. In addition, the fact of being a multilatin or a domestic firm does not moderate the influence of the international experience upon the time to the top. Finally, our results do not support the Western findings regarding the relevance of international assignment destinations closer to HQ, revealing different career paths in Latin American firms in comparison with western MNCs. Our findings contribute to the relatively few studies concerned with how EMNCs manage their global workforce (Fan, Zhang & Zhu, 2013).

Since our findings showed a significant correlation between lifetime CEOs and kinship as well as between firm specialisation and kinship, it would be interesting to enquire further into the influence of kinship upon different human capital components and the time to the top in family and non-family CEOs working for Latin American firms. Family firms are key players in the Latin American environment and, in our sample, 52% of the lifetime CEOs are family members. Therefore, the dynamics of family firms, family

member and non-family member CEOs and tenure as well as educational level will be examined in the following chapter.

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## **CHAPTER 6. DOES THE OWNER OF THE BALL ALWAYS GET TO PLAY? HUMAN CAPITAL INDICATORS AS CAREER SUCCESS ANTECEDENTS IN CEOs OF LATIN AMERICAN FAMILY AND NON-FAMILY FIRMS**

As detailed in the introduction, this chapter aims to answer the following questions:

- Is time to the top different for CEOs working in Latin American family and non-family firms? And for family and non-family CEOs in family firms?
- Which is the influence of the human capital variables (education and lifetime experience) upon the time to the top in CEOs working for family firms?
- Considering the information obtained, is the human capital theory applicable in a similar way to family and non-family CEOs working for family firms or do different patterns/logics prevail in each group?

### **6.1 Literature review and hypotheses**

Multiple definitions exist regarding what constitutes a family business (Chua, Chrisman & Sharma, 1999; Kellermanns, Eddleston, Barnett & Pearson, 2008). For the purposes of this study, a family firm is understood as “*a business governed and/or managed with the intention to shape and pursue the vision of the business held by a dominant coalition controlled by members of the same family or a small number of families in a manner that is potentially sustainable across generations of the family or families*” (Chua *et al.*, 1999, p. 25). Family-owned business groups are a particular type of business groups often characterized by large shareholdings that enable and provide incentives for the family to exert strict control over management (Shleifer & Vishny, 1997).

An important characteristic that distinguishes family from non-family firms is the family involvement in ownership, governance and management, since the behaviour of family members makes family firms distinctive (Chrisman, Chua & Steier, 2005). The appointment of family CEOs to fill in the role since family ties become a prerequisite to be appointed for top-level jobs (Sirmon & Hitt, 2003) as well as the shorter time to the top of family CEO candidates in comparison with non-family ones (Schulze, Lubatkin, Dino & Buchholtz, 2001; Schulze, Lubatkin & Dino, 2003; Miller & Le Breton-Miller, 2005) can be considered as some of those distinctive behaviours. It is worth mentioning

that non-family member CEOs can be defined as managers who do not have a blood, marital or adoptive relationship with the owner family (Klein & Bell, 2007). The attainment of the CEO role (occupational status) and the time to the top, understood as the number of years that the executives took to be appointed to their current CEO roles since the beginning of their professional careers (Hamori & Kakarika, 2009), are indicators of objective career success. This chapter aims to explore the influence of human capital indicators (education and experience) upon the time to the top in Latin American CEO careers, depending on their level of family involvement.

Selecting a family or non-family executive in family firms may be mirrored against the theoretical background of agency theory (Klein & Bell, 2007). An agency relationship is defined as one in which one or more persons (the principal[s]) engage another person (the agent) to perform some service on their behalf, which involves delegating some decision making authority to the agent (Jensen & Meckling, 1976). The financial burdens associated with identifying, detecting, and preventing agency problems, as well as the cost of unpreventable managerial opportunistic behaviours have been labelled agency costs (Jensen & Meckling, 1976). Several advantages and disadvantages about the appointment of family CEOs have been pointed out by the literature. Concerning advantages, agent-principals such as family CEOs incur reduced agency costs due to the alignment of their interests with those of other owners; thus, they will outperform agents who are at arm's length from principals (Fama & Jensen, 1983). When CEOs are controlling family members, they have common interests and identities as those of family shareholders (Habbershon & Williams, 1999).

In the opposite direction, family relationships could create severe agency problems because family controlling shareholders, as firms' principals, and family CEOs, as firms' agents, are tied with informal relationships, generosity and emotion (Dyer, 1989; Schulze *et al.*, 2001; Carney, 2005). Prior literature suggests that family members are expected to be altruistic towards each other as a result of kinship obligations, that are part of the axiomatically binding normative moral order in most cultures (Stewart, 2003). Specifically, altruism, defined as the selfless regard for the well-being of other family members, and which is seen as the cornerstone value in family firms, may hurt firm value (Schulze *et al.*, 2001). Indeed, parents' failure to discipline underperforming adult children serving as family CEOs, creates agency problems (Schulze *et al.*, 2003).

Altruism can also create other agency costs, for example, free riding by family members, entrenchment of ineffective managers, or predatory managers (Chrisman, Chua & Litz, 2004). In addition, family members may be appointed as CEOs although they are not as competent as outside CEOs (Schulze *et al.*, 2001) who could be selected from a pool of talented and skilful people (Pérez-González, 2006). It is assumed that family management is generally inferior to non-family management, mostly because family executives are usually selected out of a small pool of managerial talents (Bennedsen, Nielsen, Pérez-González & Wolfenzon, 2007), and there is less competition for senior positions (Bloom & Van Reenen, 2007).

Empirical studies offer non-conclusive results regarding the prevalence of family members appointed as CEOs in family firms. For example, Sitthipongpanich and Polsiri (2015) conclude that 65% of the Thai family firms appoint family members as CEOs, in spite of the presence of more human capital in non-family CEOs. Conversely, in Italian firms, Salvato, Minichilli and Piccarreta (2012) found that the accumulation of human capital throughout a CEO's career prevails over family-related agency considerations in predicting CEO appointments. Regarding the velocity to the top, that is the number of years that the executives took to be appointed to their current CEO roles since the beginning of their professional careers, to our knowledge, Salvato *et al.* (2012) empirical study is the only one that has explored it in CEOs working for Italian family and non-family firms, and they found no statistically significant differences between them.

It was previously mentioned that family and non-family firms operate and are managed differently (Miller, Le Breton-Miller, Lester & Cannella, 2007; Naldi, Nordqvist, Sjöberg & Wiklund, 2007). Carney (2005) suggests three propensities generated by family firms: parsimony, personalism, and particularism, which may drive the choice of executives in unique and idiosyncratic ways. Concerning personalism, the family owner-manager concentrates authority and operates under fewer internal constraints, as he/she may be exempt from the bureaucratic restrictions that limit managerial authority in other firms. In addition, particularism originates from the tendency of the owner-manager to view the firm as his/her own. Thus, this liberty involves greater variability in the exercise of authority. Consequently, the owner-manager could appoint any CEO candidate, either family or non-family member, be it under the grounds of altruism or nepotism or merit, even if the candidate were not ready to fulfil

the role. Furthermore, family firms are characterised by informal and less bureaucratic structures (Mitchell, Morse & Sharma, 2003). Then, these arguments lead us to propose:

**Hypothesis 1: Time to the top will be shorter for CEOs working for Latin American family firms than for CEOs working for Latin American non-family firms.**

Two of the most salient dimensions in family firms are family control and influence (Gomez-Mejia, Haynes, Núñez-Nickel, Jacobson & Moyano-Fuentes, 2007), and the renewal of family bonds to the firm through dynastic succession (Berrone, Cruz & Gomez Mejía, 2012). Regarding the time to the top, it is known that family CEO candidates' way to the top seems to be shorter in comparison with those of non-family CEOs (Schulze *et al.*, 2001; Schulze *et al.*, 2003). Indeed, at the time of their appointment, family CEOs in the United States, are, on average, eight years younger than unrelated CEOs (Perez Gonzalez, 2006), even though it was not informed when they started their careers. Conversely, having examined Italian family firms, Salvato *et al.* (2012) did not find shorter or faster careers between family and non-family CEOs.

In Latin America, family firms are not necessarily small, privately-held, and young, as could be the typical family firm in other regions (Gallego & Larrain, 2012). Latin American families, which overlap with the big fortunes of the region, are organized in economic groups (Casanova, 2010), in which families control firms and family ties among directors are strong (Silva, Majluf & Paredes, 2006; Schneider, 2008). Management of firms by the founders (Casanova, 2009), ruling positions by inheritance (Beltrán & Castellani, 2013), and strong family networks (Silva *et al.*, 2006) are highlighted as some characteristics of the Latin American corporate elites (Cárdenas, 2015). Latin American countries have large shares of second-generation firms (42%) (Lemos & Scur, 2018). Family businesses in Latin America are strong partly because the extended family itself is strong. There is no clear-cut separation between family interest and business interest, or between the person of the owner and the legal personality of the firm (Lomnitz & Perez Lizaure, 1987). In the region, the involvement of family members in key executive positions is very common (Bertrand and Schoar, 2006).

Of note is that family ownership patterns around the world are influenced by national culture (Chakrabarty, 2009). Latin American countries are characterized by a regional uniformly high ranking on Hofstede's cultural dimension for collectivism (Elvira

& Davila, 2005). Extant literature suggests that cultures with high collectivism show reduced opportunistic behaviour, and greater attempts to retain ownership of their businesses within their dynasty (Gomez-Mejia, Nuñez-Nickel & Gutiérrez, 2001). Such collectivism has been evidenced, in Chilean family firms with strong kinship bonds, and in Nicaraguan family firms through a community feeling that prohibits opportunistic behaviour (Khanna & Palepu, 2000). Furthermore, collectivist cultures often feature hereditary relationships that promote the retention of wealth and ownership within the family for generations (Fields, 1995). In addition, in Latin American culture, heavily influenced by *familism*, which is part of collectivism (Spector *et al.*, 2004), precedence is given to family stability over individual goals and desires (Desmond & Turley, 2009). Then, based on the above arguments, it can be contended that:

**Hypothesis 2: In family firms, time to the top will be shorter for family CEOs than for non-family ones.**

Human capital has been systematically considered as a major predictor of career success since it is highly rewarded in the labour market (Ng *et al.*, 2005). It proposes that individuals who invest the most in human capital attributes such as education, training, and experience are expected to display higher levels of work performance and, consequently, they will obtain higher organisational rewards (Becker, 1975). Furthermore, in the human capital studies in family firms, there are two main issues: family and non-family management (DeNoble, Ehrlich & Singh, 2007). Hence, we will develop some hypotheses regarding the impact of the human capital indicators upon time to the top for both groups.

As to educational attainment, higher educated CEOs have greater cognitive complexity, which provides capabilities to learn and accept new ideas (Hitt & Tyler, 1991) and to develop problem-solving skills when complex problems arise (Goll, Johnson & Rasheed, 2007). The most common graduate degree is the master's degree in business administration (MBA), which is considered increasingly as a prerequisite to access to senior management positions (Baruch & Peiperl, 2000). As an MBA education reveals general management skills, according to Gallego and Larrain (2012), more managers with MBAs should be seen among those working in firms controlled by families. In emerging economies, family executives with a higher educational level may be more adaptive and

competent to develop new strategies to deal with endlessly changing market conditions (Sitthipongpanich & Polsiri, 2015).

Concerning the educational level, in empirical terms, some authors have found that non-family CEOs working for family firms have a more advanced education than family CEOs, such as Bennedsen *et al.* (2007) in Denmark or Sitthipongpanich and Polsiri (2015) in Thailand. Conversely, having examined the educational background of 800 CEOs in 22 emerging economies, including 11 from Latin America, Mullins and Schoar (2016) concluded that the educational level is quite similar, with a slightly higher presence of international education. In turn, Gallego and Larrain (2012), having examined non-family CEOs and executives' profiles in firms from Argentina, Brazil, and Chile, stated that executives in family firms have marginally more schooling than executives in the other firms.

Regarding the influence of the educational level upon the time to the top, prior literature offers limited studies and non-conclusive results. Koch, Forgues and Monties (2015), having studied 100 Fortune CEOs, found no differences in the time to the top between CEOs with a high educational level and those without such credentials. Conversely, Hamori and Koyuncu (2011), considering the top 500 CEOs in Europe and United States, as well as Georgakakis *et al.*, (2016), studying CEOs in Switzerland, the Netherlands, Germany and the United Kingdom, showed that CEOs with a higher number of years of education took a shorter time to get to the top. Nevertheless, to our knowledge, extant literature has not explored the influence of human capital variables upon the time to the top in family firms. Indeed, having examined CEOs working for Latin American firms, in chapter four (education), our findings reveal that a higher educational level, in general, delays the time to the top. Moreover, we have also studied the interaction of a high educational level and the fact of being a family firm. Results show that a high educational level delays the time to the top in family firms, whereas in non-family firms, it does reduce the time to the top.

Education may be interpreted as a signal of higher ability since it is costlier, in general, for less able individuals to acquire it (Spence, 1973). In line with the signalling theory, most organisations, when comparing candidates in the hiring process, employ education as an indicator of a person's skill levels. As part of the signalling framework, the queuing theory (Thurow, 1975) describes the job allocation process as a competition

for jobs in which employers assess candidates in an imaginary queue, taking into account the education level among other characteristics. In order to be hired, candidates must be ranked ahead of all other job seekers.

Non-family CEOs require significantly higher cognitive abilities because they need to transact with stakeholders in the family system as well as in the business system (Mitchell *et al.*, 2003). It was already mentioned that many family firms in Latin America are family business groups. The larger and more complex the family business, the more executives with a higher level of professionalism and external knowledge are required (Klein, 2000). Furthermore, we argue that non-family members will rely upon their human capital indicators to overcome the liability of *not belonging to the family*, not being a family member.

In turn, preferred successors may be selected despite the availability of better candidates because their human capital signals receive more weight by virtue of their family ties (Sirmon & Hitt, 2003). In family firms, strong social ties are used by families to place their members in key positions in business groups that strengthen their power (Steers, Yoo & Ungson, 1989). The choice of executives is generally based on kinship, rather than on professional expertise (Gomez-Mejia *et al.*, 2001; Carney, 2005). The anticipation of family succession, due to known predilections of the family owners, may persuade the preferred family successors to reduce their investment in human capital earlier in life (Bloom & Van Reenen, 2007).

As to some Latin American successors (precisely from Colombia and Chile), they have attended the most prestigious universities (Martínez Echezárraga, 2015; Davila L. de Guevara, 2015). Educating the succeeding generation in high-quality business schools can be understood as an initiative to professionalize the family firm (Gilding, 2005; Pérez-González, 2006). The attendance to prestigious universities can also be interpreted as a way to enhance cultural capital (value granted by society to status symbols) as well as social capital (personal contacts, networks) (Useem & Karabel, 1986). Alumni networks are built not only on the friendship of members during the studies at elite universities, but also from several social events after graduation (Chikh & Filbien, 2011). However, having attended educational institutions may have taken those successors away from the on-the-job learning processes that take place in the family firm, which may delay their time to the top. Thus, considering the aforementioned information, we propose:

**Hypothesis 3: In family firms, a higher educational level reduces the time to the top for non-family CEOs in comparison with those without such credentials; whereas for family CEOs, a higher educational level increases the time to the top.**

Not only is the level of education attained by future CEOs relevant but also the institution attended. Top management candidates are often assessed by social fit and certain elite credentials (Useem & Karabel, 1986). An educational institution may confer different types of human capital on its graduates: scholastic capital, social capital and cultural capital (Useem & Karabel, 1986). In family firms, in the United States, the selectivity of the attended undergraduate institution was shown to be an important measure of CEO talent (Perez-Gonzalez, 2006). Moreover, an MBA can be an indication of the internationality of the person (Bühlmann, David & Mach, 2013). And, if the degree is awarded by a prestigious institution, it endows the holder with a greater cosmopolitan capital, due to the *multicultural composition* of the program.

Having analysed the influence of education upon time to the top in CEOs of Latin American firms in general, in chapter four, we will examine its influence, specifically, in family and non-family CEOs in family firms. A large proportion of multilatinas—Latin American multinationals—are part of family-owned groups (Cuervo-Cazurra, 2008, 2010), and they have reached a global scale in a relatively short period (Casanova, 2009). Whereas the presence of a less qualified workforce is typical in family firms, multilatinas may have acknowledged their need for managers with the skill-sets to enable them to function effectively in a more complex international environment (Herrmann & Datta, 2005). Thus, one way for potential CEOs to increase the required cosmopolitan capital is to pursue an international education (Lee & Park, 2008).

In turn, family CEOs are more likely than all other CEO types to have a degree from a foreign country, possibly, because, they were groomed for a role in the family firm from an early age, and due to the advantages of being related to a wealthy CEO (Mullins & Schoar, 2016). In fact, Latin American corporate elites, in the last decades, have attended postgraduate degrees at North American or European universities (Serna, 2013). Indeed, in Colombia as well as in Chile, the children of family firm owners have attended postgraduate degrees abroad, specially MBAs in elite institutions in the United States or Europe (Martínez Echezárraga, 2015; Davila L. de Guevara, 2015). Taking into account the certainty of senior management positions that stem from their family status (Miller &

Le Breton-Miller, 2005), as well as the fact that the attendance to a graduate degree programme abroad entails the absence of CEO candidates in the company, and, consequently, it delays the on-the-job learning process that takes place in the family firm, we suggest:

**Hypothesis 4: In family firms, CEOs who hold a graduate degree from a foreign elite institution get faster to the top in comparison with other non-family CEOs without such credentials; whereas, for family CEOs, the way to the top takes longer.**

Although education is the most studied form of human capital, experience has been said to add to an individual what education alone cannot (Becker, 1975). In fact, human capital acquisition does not stop upon graduation. Workers acquire firm specific human capital through learning by doing or on-the-job training. Experience in the firm serves to develop firm and industry specific knowledge which accumulates over time (Hitt, Bierman, Shimizu & Kochhar, 2000). Organisational tenure is regarded as an important indicator of human capital, which is defined as comprising personal, educational, and professional experiences that increase an employee's value at work and his or her career success (Judge, Cable, Boudreau, & Bretz, 1995). As employees continue their employment with the firm, they acquire and develop a great deal of tacit knowledge, which can be deployed to seize opportunities and create advantages for the firm (Szulanski, 1996). Acquiring firm-specific human capital may assist employees in learning to perform their roles, to avoid or overcome obstacles, and to identify the colleagues they see as valuable and worthwhile collaboration with (Humphrey, Morgeson & Mannor, 2009). Thus, organisational tenure influences employees' ability to perform (Tesluk & Jacobs, 1998).

In family firms, seniority is underlined as a criterion for awarding promotions and place greater weight on non-monetary rewards (Gómez-Mejía, Cruz, Berrone & DeCastro, 2012). Furthermore, in family firms, idiosyncratic knowledge is often more person-specific than firm-specific and, in consequence, it is only available to trustworthy employees who have spent considerable time in the firm (Lee, Lim & Lim, 2003).

The development of tacit and highly specific knowledge for family members in family firms takes place through learning-by-doing and apprenticeships that differ from those available in non-family firms, because they are often provided by other family

members at home, through summer jobs, and so on (Le Breton-Miller & Miller, 2006; Memili, Chrisman, Chua, Chang & Kellermanns, 2011). Indeed, the long tenure of senior family managers provides a high level of accumulated knowledge (Westhead & Howorth, 2006). Altruism makes family membership valuable in ways that both promote and sustain the bond among them (Simon, 1993). Consequently, this bond transfers a history, identity, and language to the family that makes each member unique.

We argue that the time spent in the organisation generating firm specific knowledge may act as a double edged sword. On the one hand, according to the human capital theory and family literature, the idiosyncratic learning process in family firms takes time, and it will lead to increased employee productivity, which justifies faster promotions (Bolino, 2007). On the other hand, the succession literature posits that successor's limited experience is a predecessor's most serious concern (Neubauer, 2003), which can reinforce the business owner's inability of 'letting go'. In fact, "*leaders of prominent Latin American families have unique characteristics: strong patriarchal beliefs, tendency for control, and attachment to power*" (Feliu Costa, 2018, p. 10). Moreover, family CEOs show, in general, a lower educational level, so they may get prepared to deal with future CEO challenges through a longer on the job/ informal training process. In fact, family businesses tend to rely more heavily on mentoring and coaching of next-generation leaders than non-family firms, and they place less emphasis on training programmes (Gagne *et al.*, 2014). Thus, we suggest that:

**Hypothesis 5: In family firms, organisational tenure increases the time to the top for family CEOs.**

In spite of the fact that CEOs, nowadays, spend less time within one company than their colleagues did several decades ago (Cappelli & Hamori, 2005), a greater proportion of their careers is still spent in the same company (Koch *et al.*, 2017). In empirical terms, CEOs who have spent a smaller fraction of their career in their current organisation or have changed employers more often, in European and American firms, have taken a longer time to the top (Hamori & Kakarika, 2009). In family firms, a sequence of vertical moves within the same organisation is the common pattern to reach the CEO position (Chua, Chrisman, & Sharma, 2003). Nevertheless, the increasing importance of interorganisational careers is particularly stimulating to family firms, since it challenges

the assumption that family members progress along the internal hierarchy as a result of altruistic and family-based appointments (Schulze *et al.*, 2003).

Family firms are known for their long-term orientation (Le Breton-Miller & Miller, 2006) and conservative business strategies (Naldi *et al.*, 2007). Thus, family firms may offer more stability and security, particularly to job seekers who value protection. Family CEO candidates have high commitment and profound firm-specific tacit knowledge (Bertrand & Schoar, 2006). This knowledge is built up as a consequence of their socialisation process, at a very early age, to be able to understand the nature of the business, and after having received training on the job from knowledgeable family leaders (Dyer, 1992).

Non-family CEO candidates, in turn, are typically socialized collectively in classrooms where formal and generic skills are taught. In addition, executives *grown up* within the family firm develop skills and practices idiosyncratic to the firm, and they learn about the importance of family values as to balance family and business needs (Dyer, 1989). So, once non-family managers have gained the leader's trust (Sundaramurthy, 2008) by spending a number of years in lower managerial positions (Steier, 2001), it is likely that they will be promoted to the top role.

The dominance of diversified family-owned business groups constitutes one of the main characteristics of Latin American business systems (Schneider, 2009). Regarding firm size, larger organisations, like the aforementioned family groups, tend to provide more opportunities for skills development (Bidwell & Briscoe, 2010) as well as greater management challenges for their executives (Brown, Hamilton & Medoff, 1990). In turn, Latin American cultures are collectivist (Elvira & Davila, 2005), and it is the strong family unit what earns those countries the collectivist label. Furthermore, Latin American cultures show a low level of trust in people who are not family or close friends (Osland, De Franco & Osland, 2007). Personal interactions are key in order to build trust, loyalty and a sense of solidarity and reciprocity (Robles, Wiese & Torres-Baumgarten, 2015). Then, the preceding arguments lead us to propose:

**Hypothesis 6: In family firms, having worked for only one firm along the career reduces the time to the top for both family and non-family CEOs.**

## **6.2 Methodology**

The information about the sample and the dependent variable (time to the top) is provided in Chapter 3, Methodology and descriptive results.

### **6.2.1 Variables**

#### ***Independent variables***

Highest degree earned. The binary variable shows whether the CEO holds an undergraduate and graduate degree or not (Hamori & Kakarika, 2009).

Elite MBA abroad. We categorized if the awarding university was ranked amongst the top 10 schools within each country according to QS University Rankings: Latin America / Europe/ United States (2015). This information source as well as the selected cut point were previously employed to identify elite institutions out of the United States by Wai and Rindermann (2015). Considering whether the elite graduate degree was granted in the region or abroad, we categorized it as a binary variable: Elite graduate attended abroad -Europe or United States- or not.

Lifetime CEO. We used a binary variable where 1 signifies that the CEO has spent the entire professional career with the same organisation (Hamori & Kakarika, 2009).

Organisational tenure. It is defined as the time that the CEO has spent in the focal organisation (Judge *et al.*, 1995; Ng *et al.*, 2005).

#### ***Control variables***

In order to adequately examine the relationship between human capital components and time to the top, we controlled for a set of variables identified by previous studies as influencing executives' careers.

The type of industry exerts an influence on the velocity of promotion of executives (Cappelli & Hamori, 2005) Industry background was classified according to *Clasificación de Actividades Económicas para el Mercosur* (Classification of Economic Activities for the Mercosur) through five dummy variables: manufacturing; energy – electricity, gas and mining activity; transportation, telecommunications, information and financial services; retail; and construction.

An organisation's characteristics affect the nature of the jobs within it (Baron, 1984) and, consequently, careers will be shaped by differences in the level of skills demanded

by different jobs (Bidwell & Briscoe, 2010). We categorised, as a moderator variable, geographical expansion: local or multinational firm, using a dummy variable where 0 signifies local.

Getting ahead faster depends on the size of the organisation where the executive is employed (Hamori & Koyuncu, 2011; Ng *et al.*, 2005). Larger organisations offer more opportunities for advancement (Judge *et al.*, 1995). Organisation size is represented by the total annual sales of the organisation in 2013.

As our sample is composed of executives who work in different country of origin organisations, capital origin, the country where the company was incorporated, is represented with six dummy variables: Argentina; Brazil; Mexico; Chile; Colombia and Peru; and Others (Panama and 2 combined countries).

As family firms play a key role in the Latin American economy, we classified firms into family and non-family firms. We used a binary variable, considering a firm in family control when the same family owns more than 50% of the shares. However, the threshold was reduced to 30% for the listed companies (Salvato *et al.*, 2012).

We also controlled for CEO kinship, classified as a binary variable: family member or non-family member. We classified, based on Mullins & Schoar (2016), as a family member CEO if he or she is a founder or a relative either of the founder or of shareholders who own at least 30% of the firm. We used the binary variable gender to control for potential gender bias (Martelli & Abels, 2010). 1 signifies female CEOs. We included the CEO age (age in 2013) to control for possible changes in career patterns over the last decades (Hamori & Koyuncu, 2011).

### **6.3 Results**

Descriptive results are shown in chapter 3, Methodology and descriptive results.

To assess Hypothesis 1, which suggests that time to the top will be shorter for CEOs working for family than non-family firms, we compared the time to the top means of CEOs working for both types of firms, and we run an independent samples t-test. A statistically significant difference was found between the time to the top means of CEOs working for family (M=21.05 years; SD= 9.422) and non-family firms (M=25.29 years; SD= 7.331),  $t(169) = 3.200$ ;  $p < .05$ . Therefore, Hypothesis 1 is supported.

Regarding Hypothesis 2, which suggests that, in family firms, time to the top will be shorter for family CEOs than non-family ones, we also analysed the differences in the time to the top means using an independent samples t-test. A statistically significant difference was found between the time to the top means of non-family CEOs (M=24.67 years; SD=6.76) and family CEOs working for family firms (M= 19.60 years; SD = 9.98),  $t(94) = 2.421$ ;  $p < .05$ . Thus, Hypothesis 2 finds support.

To examine the influence of high educational level (Hypothesis 3), elite graduate degree abroad (Hypothesis 4), organisational tenure (Hypothesis 5) and lifetime experience (Hypothesis 6) upon the time to the top, different statistical tools were used for family and non-family CEO samples due to their size and distribution. It was already mentioned that family CEOs represent 71% of the family firm CEOs (67), so our sample of non-family CEOs is reduced (27). Concerning family CEOs in family firms, we checked first for normality. Having obtained evidence of normality through the Shapiro Wilk test results ( $p > .05$ ), hypotheses were tested using multiple hierarchical regression analysis.

Table 6.1 presents the results of the regressions. In order to test Hypothesis 3, 4, 5 and 6 for family CEOs, we first introduced the control variables in step 1 (Model 1 of Table 2) and the key independent variables education and experience in steps 2 and 3 (Model 2 and 3). In Model 1, 7.6% of the dependent variable's variance is explained by age (significant at the  $p < .01$  level). As country of origin and industry, as control variables, showed no significant influence upon the time to the top, they were excluded from the regression analysis (results available upon request)

The value of variance inflation factors (VIF) found in the regression analyses are in the range of 1.022 to 5.61, below the generally accepted VIF limit of 10; hence, there is no evidence of multicollinearity problems in the models (Cohen *et al.*, 2003).

**Table 6.1**

Relationship between human capital variables and family CEOs time to the top- Hierarchical regressions

Variables	Model 1 Control variables	Model 2 Education (Highest degree earned / Elite graduate abroad)	Model 3 Education and experience (Organisational tenure / Lifetime CEO)
Firm's age	.046 (.040)	.042 (.040)	.027 (0.43)
Sales	4.918E-005(.000)	3.693E-005 (.000)	2.985E-005 (.000)
Geographical expansion	-.171 (2.637)	-.567 (2.677)	-.848 (2.655)
CEO's age	.258 (.134) ^	.250 (.132) ^	-.003 (.184)
Independent variables			
Highest degree earned		5.473 (2.872) ^	5.941 (2.818) *
Elite MBA abroad		-1.441 (2.127)	-.791 (2.124)
Organisational tenure			.341 (.179) ^
Lifetime CEO			-4.442 (2.842)
<hr/>			
	R <sup>2</sup> =.076	R <sup>2</sup> =.131	R <sup>2</sup> =.198
<b>Model diagnostics</b>	R <sup>2</sup> a=.016	R <sup>2</sup> a=.042	R <sup>2</sup> a=.085
	F=1.257	F=1.477	F=1.756
		Δ R <sup>2</sup> =.054	Δ R <sup>2</sup> =.067

Note: The table presents unstandardized coefficients, with standard errors in parentheses

^p<.10; \*p<.05; \*\*p<.01; \*\*\*p<.001

Results show that, for family CEOs, Hypothesis 3 is supported ( $\beta = 5.473$ ;  $p < .10$ ). See Table 6.1. In fact, the time to the top for family CEOs with a high educational level is longer ( $M = 22.19$  years;  $SD = 9.540$ ) than the time to the top for CEOs without such credentials ( $M = 17.85$  years;  $SD = 10.007$ ).

Regarding Hypothesis 4, as shown in Table 6.1, the coefficient is negative and not significant ( $\beta = -1.441$ ). For family CEOs, hypothesis 4 finds no support. Indeed, family CEOs with graduate credentials granted by elite institutions abroad took almost the same number of years to be appointed to the CEO role ( $M = 19.80$  years;  $SD = 8.108$ ) than those family CEOs without such credentials ( $M = 19.56$  years;  $SD = 10.335$ ).

Concerning experience, Hypothesis 5, the coefficient is positive and significant ( $\beta = .341$ ,  $p < .10$ ). See Table 2. Then, for family CEOs, hypothesis 5 finds support. In addition, family CEO organisational tenure shows significant differences (27.13 years;

SD=10.734) in comparison with non-family CEOs (17.37 years; SD=12.78),  $t(94) = 3.773$ ;  $p < .05$ .

As to the influence of having being employed for just one firm along the career upon the time to the top, the coefficient is negative and non-significant ( $\beta = -4.442$ ). Thus, findings do not lend support to Hypothesis 6. In fact, family lifetime CEOs took almost the same number of years to get to the top ( $M = 19.13$  years;  $SD = 10.092$ ) than those having worked for more than one employer ( $M = 20.62$  years;  $SD = 9.987$ ).

As to non-family CEOs in family firms, as family CEOs represent 71% of the family firm's top executives, so our sample of non-family CEOs is reduced. Indeed, the total sample is composed of 27 non-family CEOs: 24 show a higher educational level while the other 3 do not hold such credentials. Hence, due to the small and uneven size of the sample, and respecting Mann-Whitney U assumptions, we run a non-parametric test to test Hypothesis 3. No significant differences were found between the mean rank of the time to the top of non-family CEOs with a high educational level and those of non-family CEOs without such credentials ( $U = 25.000$ ,  $p > .05$ ). In addition, a professionalization of the role is evident as 89% of non-family CEOs hold graduate studies.

Regarding Hypothesis 4, Mann-Whitney U test results show a significant difference between the mean rank of the time to the top of non-family CEOs holding a graduate degree from an elite institution abroad and that of those non-family CEOs without such credentials. See Table 6.2. The group with the highest mean rank, those non-family CEOs with no elite graduate degree abroad, show a longer time to the top. Thus, for non-family CEOs, hypothesis 4 is supported.

**Table 6.2**

Mann-Whitney U test for time to the top and non-family CEOs holding elite graduate degrees or not

		N	Mean Rank	Sum of Ranks
Time to the top	Non elite	20	16.08	321.50
	Graduate elite and abroad	7	8.07	56.50
	Total	27		

	Time to the top
Mann-Whitney U	28.500
Wilcoxon W	56.500
Z	-2.302
Asymp. Sig. (2-tailed)	.021
Exact Sig. [2*(1-tailed Sig.)]	.019

Finally, regarding Hypothesis 6, no significant differences were found between the mean rank of the time to the top of non-family CEOs with more than one employer and lifetime CEOs ( $U= 75,500, p>.05$ ). 18 CEOs worked for more than one employer along their careers and 9 are lifetime CEOs.

#### 6.4 Discussion

Concerning time to the top between family and non-family firms (Hypothesis 1), and between family and non-family members in family firms (Hypothesis 2), findings show that the path to the top is shorter in family firms; and, even shorter for family members. In a dynamic environment, like Latin America, family firms have greater discretion in altering the direction and criteria governing their decisions, and can do so more quickly (Chrisman *et al.*, 2005). Since family firms offer faster ways to the top and, they tend to look first within the family to fill their human capital needs (Chua, Chrisman, & Chang, 2004), our findings mirror the literature. Furthermore, the Latin American shorter path to the top for family members is in line with prior Western family studies (Schulze *et al.*, 2001; Schulze *et al.*, 2003; Miller and Le Breton-Miller, 2005). Even though Salvato *et al.* (2012) found no evidence of faster careers granted to family or non-family CEOs in family firms, results are not comparable due to a different definition of time to the top. Salvato *et al.* (2012) defined it as the number of years before becoming CEO for the first time while, in our study, in line with Hamori and Koyuncu (2011), we considered the number of years before becoming CEO in the focal organisation.

Results also reveal that human capital variables influence upon time to the top differently for family and non-family CEOs working for family firms. The human capital theory suggests that individuals are rewarded in their current jobs for their past investment in education and experience. Following this reasoning, individuals with comparable education and experience would achieve similar levels of career success.

Regarding the attainment of undergraduate and graduate degrees, this variable does not influence upon the time to the top for non-family CEOs while it does increase the time to the top for family CEOs. It is worth noting that, in spite of not reducing the time to the top, a high educational level constitutes a basic condition for non-family candidates to start the race for the CEO role. Indeed, 89% of non-family CEOs hold graduate studies, evidencing a strong professionalisation of the role. One possible interpretation of these results is that since these CEO candidates anticipate they are not *natural successors*, they will invest more in their human capital to overcome their liability of not being part of the family. Besides, in line with the queuing theory, they aim to gain competitive advantages over other candidates. In turn, for family CEOs, a high educational level increases the time to the top. As family CEO candidates had not spent all their time in the firm since they attended university studies, the on-the-job learning process took longer, and, consequently, their time to the top got delayed. Even though large firms that involve more complex operations, as Latin American family business groups, have a need for the advanced managerial abilities of the CEO (Rosen, 1992), in our sample, only 40% (27 out of 67) of the family CEOs attained graduate studies.

Descriptive results about the educational level of CEOs of family domestic and multilatina firms suggest that CEO appointments seem to be driven more by family ties than by educational credentials, especially in domestic firms. Indeed, in domestic firms, 84% of the CEOs are family members, and 67% of them do not hold graduate studies. In turn, in multilatinas, 61% of CEOs are family members, and 53% of them do not hold graduate studies. Hence, findings highlight an emerging professionalisation trend in multilatina CEOs, either due to the high educational level of family member CEOs or the appointment of highly qualified non-family CEOs. Indeed, 95% of the non-family CEOs who lead multilatinas attained graduate studies. In sum, findings reveal that, in Latin American firms, as in other geographical regions (Bennedsen *et al.*, 2007 -in Denmark; Sitthipongpanich and Polsiri, 2015 -in Thailand), family CEOs tend to be less well educated than non-family ones.

As to the influence of a graduate elite degree abroad, results show that it reduces the time to the top for non-family CEOs while it does not exert an influence for family CEOs. In line with the queuing and signalling theories, since 25% of the non-family CEOs attained graduate studies abroad (7/27), this degree could differentiate those CEO candidates from the rest, identifying their cosmopolitan capital as well as their interest in

a generalist career. In fact, all the graduate elite degree non-family CEOs work for multilatinas. In addition, as family firms tend to hire people through their social networks or to promote their own descendants into those positions (who by definition come from higher income classes), they will hire CEOs that come from a privileged background (Mullins & Schoar, 2016). Consequently, due to this privileged background, non-family CEOs may be able to afford attendance to an elite graduate degree programme abroad. In fact, Newburry, Gardberg, and Sanchez (2014) showed that privileged society members in Brazil, Mexico and Peru, who tend to have ties with prominent locally-headquartered firms, in their job search, avoid foreign and internationalized firms, where interpersonal relations are less important in favour of exploiting their strong local ties. In turn, considering family CEOs, even when literature about Latin American successors highlights the increasing professionalisation via education in foreign elite institutions (Serna, 2013; Martínez Echezárraga, 2015; Davila L. de Guevara, 2015), only 15% of the family CEOs in our sample attained elite graduate studies abroad. Findings confirm that, as family members know that they will receive management positions in the future, they reduce their investment in human capital earlier in life (Bloom & Van Reenen, 2007).

Concerning experience, findings reveal that, for family CEOs, organisational tenure does increase the time to get to the top. In addition, results show that although having worked for just one firm was found not to influence upon the time to the top in family firms, 68.6% of family executives are lifetime CEOs. This result can be understood if we consider that long-term trust-based relationships are essential for developing and managing tacit knowledge (Jaskiewicz *et al.*, 2013).

Finally, given that, context influences the way a family firm may behave (Sharma & Chua, 2013), culture and environmental uncertainty are other factors worth considering to explain further these results. First, collectivism and familism are strong cultural factors in Latin America (Khanna & Palepu, 2000; Spector *et al.*, 2004). In the region, family networks are strong (Silva *et al.*, 2006) as collectivist cultures often given prominence to hereditary relationships that promote the retention of wealth and ownership within the family. Successors must participate in the company as soon as possible to gain experience and commitment to the business since early contact enables them to familiarise with the business, and its culture (Pyromalis & Vozikis, 2009). Furthermore, relationships are even more important in family firms due to the complex intertwining of family and business relationships (Zellweger & Sieger, 2012). Second, as to the environmental

uncertainty (Firfiray, Cruz, Neacsu & Gomez Mejia, 2018), since family member managers are more concerned about the long-term viability of the firm, they may develop, along their lifetime in the firm, strong relationships with external stakeholders, increasing their social capital. That type of capital may allow them to survive during volatile periods that are frequent in uncertain environments (Minichilli, Brogi & Calabro, 2016), like Latin America. All these factors reinforce the importance of the organisational tenure for family as well as for non-family CEO candidates, in order to build relationships, gain trust, and develop firm-specific skills.

## 6.5 Conclusions

Taking into consideration the contextual nature of careers, this chapter examined the differences in the time to the top in family and non-family firms and the influence of human capital variables (education and experience) upon the time to the top in family and non-family CEOs of Latin American family-owned firms.

Our findings contribute to the human capital and family firm literature since Latin America embodies a scarcely used context for family business studies (Parada *et al.*, 2016). Results reveal that family firms offer a faster path to the top than non-family firms and, that family CEOs get faster to the top than non-family ones.

Concerning our research question about the applicability of the human capital theory to family and non-family CEOs in a similar way or not, it can be concluded that the influence of education and experience upon the time to the top differ between both groups. Whereas for family CEOs kinship contributes to a faster way to the top; for non-family CEOs, elite graduate education abroad constitutes as key human capital variable that accelerates their time to the top. In addition, for non-family CEOs, a high educational level was identified as a basic condition to start the competition.

Additionally, this study answers the call by Klein and Bell (2007) and Tabor *et al.*, (2018) about providing information regarding the educational background and the characteristics of non-family executives as well as to enable international comparisons.

Finally, the formation of family firms and family business groups depend upon a variety of factors specific to both the family and the social, cultural, and economic environment where the family firm resides (Chrisman *et al.*, 2005; Vecchi, Della Piana &

Cacia, 2014). Thus, we add to the career literature, highlighting the key institutional, socio-economic and cultural factors that influence CEO careers in Latin American family firms.

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## **CHAPTER 7. GENERAL FINDINGS AND CONCLUSIONS**

### **7.1 General findings**

The influence of education and experience upon the time to the top were analysed in chapters 4 and 5, respectively. In line with those findings, we have run a final regression to explore the influence of all those human capital variables upon the time to the top. Thus, we examined the highest degree earned, the undergraduate degree subject, the firm specialisation and the number of international assignments. See table 7.1.

The value of variance inflation factors (VIF) found in the regression analyses are in the range of 1.071 to 3.114. 1 to 3, far below the generally accepted VIF limit of 10; then, there is no evidence of multicollinearity problems in the models (Cohen, Cohen, West & Aiken, 2003).

**Table 7.1.**

Relationship between education and experience variables and time to the top- Hierarchical regressions

Variables	Model 1 Control variables	Model 2 Highest degree earned	Model 3 Undergrad. Business and Engineering	Model 4 Firm specialisation	Model 5 No. internat. Assignments
Firm's age	.036 (.019) ^	.034 (.019) ^	.031 (.019)	.032 (.019) ^	.025 (.019)
Sales	5.087E-005(.000)	4.873E-005 (.000)	5.202E-005 (.000)	5.835E-005(.000)	5,546E-005 (.000)
Industry Retail	1.283 (2.463)	1.360 (2.465)	2.121 (2.476)	2.232 (2.484)	2.757 (2.468)
Ind. Transp. & Services	.052 (2.450)	.312 (2.467)	.532 (2.448)	.619 (2.454)	.796 (2.427)
Ind. Construction	.362 (2.923)	.210 (2.929)	.990 (2.932)	1.143 (2.943)	1.525 (2.915)
Ind.Manufacturing	-.240 (2.063)	-.287 (2.065)	-.045 (2.050)	.143 (2.068)	.367 (2.047)
Cap. origin Chile	-2.910 (2.616)	-2.623 (2.635)	-3.016 (2.620)	-2.949 (2.625)	-2.077 (2.629)
C. origin Peru & Colombia	.401 (3.336)	.915 (3.383)	1.161 (3.355)	1.016 (3.365)	2.193 (3.374)
Cap. Orig Argent.	-.019 (3.245)	.180 (3.254)	.046 (3.226)	.157 (3.234)	.290 (3.197)
Cap. origin Brazil	1.735 (2.217)	1.960 (2.231)	1.880 (2.211)	1.596 (2.246)	2.578 (2.270)
Cap. origin Mexico	.176 (2.399)	.223 (2.401)	.128 (2.380)	.240 (2.388)	1.115 (2.398)
Geographical expansion	-.431 (1.603)	-.828 (1.660)	-1.045 (1.649)	-1.061 (1.652)	-1.472 (1.645)
CEO's age	.352 (.079) ***	.351 (.079) ***	.344 (.079) ***	.347 (.079) ***	.358 (.078) ***
Gender	1.122 (4.955)	.409 (5.016)	1.046 (4.983)	.986 (4.991)	.856 (4.933)
Nationality	-2.103 (2.586)	-2.369 (2.603)	-3.104 (2.609)	-2.704 (2.666)	-.959 (2.766)
Kinship	6.138 (1.426) ***	5.693(1.505) ***	5.585 (1.492) ***	5.202(1.577) ***	5.262 (1.559) **
<b>Independent variables</b>					
Highest degree earned		1.363 (1.466)	1.175 (1.457)	1.044 (1.469)	.939 (1.453)
Undergrad. Bus. & Engineering			3.651 (1.933) ^	3.602 (1.937) ^	3.536 (1.914) ^
Firm specialisation				-1.665 (2.191)	-.878 (2.199)
No. international assignments					1.832 (.883) *
	R <sup>2</sup> =.264	R <sup>2</sup> =.268	R <sup>2</sup> =.286	R <sup>2</sup> =.289	R <sup>2</sup> =.310
	R <sup>2</sup> a=.181	R <sup>2</sup> a=.180	R <sup>2</sup> a=.195	R <sup>2</sup> a=.193	R <sup>2</sup> a=.211
<b>Model diagnostics</b>	F=3.198***	F=3.058***	F=3.139***	F=2.995***	F=3.128***
		Δ R <sup>2</sup> =.004	Δ R <sup>2</sup> =.018^	Δ R <sup>2</sup> =.003	Δ R <sup>2</sup> =.002*

Note: The table presents unstandardized coefficients, with standard errors in parentheses

^p<.10; \*p<.05; \*\*p<.01; \*\*\*p<.001

Findings show that 31% of the variance in the time to the top is explained by the model ( $R^2=0.310$ ): 26.4% of that total variance is related to control variables, and the remaining percentage is explained by the education and experience variables. Our study offers a view of the contribution of both variables. Results are in line with prior studies, even though variables were studied separately (Ng *et al.*, 2005 -education 5%, influencing promotions; Hamori & Kakarika, 2009 -experience 2%, influencing time to the top). In sum, findings confirm that specific human capital variables play a role as predictors of career success (time to the top) in Latin American firms. Nevertheless, the contribution of other predictors, such as organisational sponsorship, socio-demographics, social capital, and stable individual differences (Ng *et al.*, 2005) upon career success for CEOs of Latin American firms remains to be tested.

## 7.2 Conclusions

The aim of this dissertation has been to examine the influence of the education and experience upon the time to the top in CEOs of Latin American firms, in general, and also to explore those variables in family and non-family CEOs working for Latin American family firms. We explored existing and new variables. Besides, a final objective was to conclude whether the human capital theory is applicable or not to CEO careers developed in Latin American firms, understood as a non WEIRD/non Western region. Building on the key findings of the three chapters, our results enrich and advance the knowledge about CEO careers in Latin American firms, and they offer theoretical and empirical contributions which are outlined below.

### *Theoretical contributions*

As to the theoretical contributions, findings add to different strands of literature: human capital, career, international management and family business studies in Latin America.

Each career places value on human capital that is unique to the specific career (Iellatchitch *et al.*, 2003). When researching on careers, scholars study the context in which the career happens, a career actor, and the time over which the career takes place (Gunz & Mayrhofer, 2015). In this study, we focused upon CEO careers in Latin American firms, and our results offer partial support to the human capital theory -

education and experience-. One contribution of this study is to add new perspectives to the human capital theory, which until now has largely been based on studies conducted in Western countries.

Regarding education, no support was found for the influence of a high educational level on the time to the top (Chapter 4). Yet, this relationship was found to be moderated by the capital ownership of the firm. In family firms, a high educational level increases the time to the top while, in non family firms, it reduces the time to get appointed to the CEO role. In our sample, 95% of the CEOs who got faster to the top and did not attain graduate studies, were family members. Hence, it seems that kinship prevails over a higher educational background as the variable that exerts an influence upon a faster way to the top. On the other hand, in non-family firms, a high educational level seems to prevail, evidencing a contest-mobility perspective on organisational careers, which suggests that an individual can only get ahead on the basis of one's own abilities and contributions (Turner, 1960). We understand that, in general, the lack of support to the human capital theory -higher educational level- could be explained due to the high percentage of family firms in the total sample (56%). In addition, the moderator effect of the geographical expansion, multilatin or domestic firm, found no support.

Furthermore, results suggest a strong professionalisation of the CEO role, as Business or Engineering degrees are present in 89% of the sample, and the fact of holding those degrees increases the time to the top. Unless the candidate is a family member, chances of getting to the top job without an undergraduate degree are virtually non-existent. Indeed, in family firms, 89% of non-family CEOs hold graduate studies.

Concerning elite credentials, even though the elite undergraduate degrees were attained by 59% of the sample, the influence of elite undergraduate and elite graduate degrees gained abroad upon the time to the top found no support in general. However, as it was shown in chapter 6, an elite graduate education abroad reduces the time to the top for non-family member CEOs working in family firms.

Nevertheless, education credentials are only one factor when hiring and promotion decisions are made. Equally important, are visibility, access to upper management and executives, experience in core areas of the business, organisational savvy, and career planning (Harris, Pattie & McMahan, 2015). Concerning the type of professional experience required to reach the CEO position in Latin American firms, findings reveal

that a more traditional career, with higher firm specialisation or having spent the entire career in one organisation, does pay off in speed of ascent to the top position (Chapter 5). It seems that large organisations are complicated ecosystems, proving it difficult for outsiders to adapt and navigate within them. Our results contribute to human capital and career literature, and they complement preceding research on CEO career patterns in a new geographic region, Latin America. CEOs working for Latin American firms show a similar mobility pattern across organisations than those in European and American firms.

Besides, findings reveal that, for promoted CEOs, the Corporate springboard role reduces the time to the top in multilatinas. Even though Latin American firms have undergone a strong internationalisation process, they seem to reward, through a shorter time to the top, those CEO candidates who have previously worked in Corporate roles in HQs, and who exhibit limited or no international experience.

This study also contributes to the international management literature. Concerning international experience, the fact of being a multilatina or a domestic firm does not moderate its influence upon the time to the top. In turn, in line with prior Western studies, a higher number of international assignments was found to increase the time to the top.

Regarding the impact of international assignment destinations closer to HQ upon the time to the top, the hypothesis found no support, evidencing different career paths in Latin American firms in comparison with Western MNCs. This result deserves further exploration as there is a wide diversity of multilatinas in terms of their level of internationalization (Aguilera *et al.*, 2017), and our sample of executives with international experience was reduced. In any case, this result contributes to the relatively few studies that explore the management of the global staff by EMNCs (Fan, Zhang & Zhu, 2013).

Finally, as to our contribution to family business literature, results reveal that family firms in Latin America offer a faster path to the CEO role than non-family ones and, family CEOs working for family firms get faster to the top than non-family ones (Chapter 6).

Findings also highlight that, in family firms, the influence of education and experience upon the time to the top differ between family and non-family CEOs. While, for family CEOs, kinship contributes to a faster way to the top; for non-family ones, the elite graduate education abroad was found as key human capital variable that accelerates

their way to the CEO role. In addition, a high educational level constitutes a basic condition for non-family CEOs to start competing for the role. In multinationals, the professionalisation process is evident, either by the appointment of highly qualified non-family member candidates or by the continuing education of family member CEOs.

Careers are a central phenomenon of individual, organisational and societal reality (Iellatchitch *et al.*, 2003). And, since careers are socially embedded in national economic and institutional environments, their analysis requires the consideration of context (Mayrhofer, Meyer & Steyrer, 2007). Organisations are nested within an institutional context which has a potent impact on the behaviours of organisational actors and, in turn, on the capacity of individuals to develop a career that meets their needs and preferences over their life course (Tomlinson *et al.*, 2018). In this vein, our findings highlight the importance of cultural, socio-economic, and institutional factors that influence the velocity to the top of CEO careers of Latin American firms. Some of these factors are: the relevance and characteristics of family groups in the Latin American economy, the idiosyncratic knowledge transfer process in family firms, the unequal access to education, the preeminence of elite undergraduate university institutions and the meagre performance of local/ regional universities, the cultural variables-collectivism, familism, and the importance of trust and relationships to strengthen social capital and build specific human capital. Moreover, even though kinship is not frequently taken into account in the career literature to explain career success, it plays a key role in understanding careers in the region due to the relevance of family firms in the Latin American context.

### *Practical implications*

From a practical perspective, the identification of predictors of career success may enhance career management decision-making processes in charge of organisations and individuals.

On the one hand, regarding organisations, the identification of education variables that influence upon the time to the top supports the recruiting and development processes of talent pools. In the selection process, HR professionals may continue considering educational attainment variables as a proxy for the latent ability of future CEOs.

Regarding development, Talent Managers, especially in multilatinas, may provide the most promising candidates with opportunities to obtain graduate management degrees abroad that may enhance their cultural/ cosmopolitan capital.

The experience outcomes are also relevant for organisations as they support the developmental and retention processes for high potentials. As CEOs exhibit traditional career model patterns, talent management initiatives are key to attract, develop, and retain such talent. Besides, a corporate leadership team with a long-term vision to anticipate future managerial needs is also deemed necessary. Moreover, taking into account the dearth of international experience in CEO profiles of Latin American firms, we suggest that, in the long run, HR executives should develop executive talent through global career paths.

One way to leverage those capabilities is to place executives in international assignments as they often generate substantial learning (McCauley, Ruderman, Ohlott & Morrow, 1994). These paths may contribute to the implementation of organisational strategic objectives; nevertheless, HR Managers should not neglect the rewards to be offered to those CEO candidates in order to retain them and to alleviate their deferred appointment to the top. In addition, considering that Corporate roles reduce the time to the top in multilatinas, it would be interesting to consider alternative developmental career pathways that take into account a combination of HQ roles and the exposure to international experience.

Lastly, family firms seem to attract candidates who are less ambitious or capable, whereas more ambitious and capable non-family candidates (Chrisman, Memili & Misra, 2014) gravitate towards non-family firms which may offer better career opportunities. Indeed, managers with a high level of formal education and high household income, across 40 countries, show a lower preference to work in family firms (Block *et al.*, 2016). Thus, regarding organisational career management in family firms, even though this type of firm engages less in professional HRM (De Kok, Ulhaner & Thurik, 2006), HR Managers should strengthen their employee value proposition if they are interested in attracting talented and ambitious non-family employees. They should also consider a battery of HR practices to preserve and employ the tacit knowledge present in family firms (Firfiray, Cruz, Neacsu & Gomez Mejia, 2018), and to keep the employees, either

family or non-family members, committed to the organisation, and willing to keep on learning and developing their talent in the family firm.

On the other hand, these outcomes are also relevant on an individual level, because career actors may count on valuable information for their own career management decision-making processes. Employers value human capital; therefore, it is important for individuals to have the capital valued in order to advance in the career (Iellatchitch *et al.*, 2003).

Findings demonstrate that high potentials who aspire to reach a CEO position in the future should attach great importance to the undergraduate subjects chosen—Engineering or Business—which will increase their chances to start being considered for the CEO race. Additionally, they should also deem the achievement of undergraduate and graduate degrees as part of the entry tickets, as is the attendance to elite institutions in order to increase their valuable social capital and be appointed CEO. In addition, they should know, that in line with the human capital theory, the higher educational level efforts will be rewarded sooner if the race to the top takes place in non-family firms. Finally, in line with Ryan *et al.* (2015), attendance to an internationally oriented university may signal multilatinas employers that candidates have greater potential and suitability for an overseas career.

Regarding experience, future CEOs need to build up a very substantial amount of firm-specific human capital. Besides, whereas it is important for professionals to obtain international experience, those who gain international experience by staying in the company HQs may reach top positions faster.

Finally, in order to get faster to the top, in multinational firms, a Corporate springboard role will also contribute to that objective.

Concerning Latin American family firms, they offer faster ways to the top than non-family ones, and, at the same time, they provide fewer career opportunities for non-family members since family members are preferred for CEO appointments. Consequently, ambitious non-family CEO candidates could find faster career paths in family firms, especially in multilatinas, as long as they exhibit high educational credentials and they hold graduate degrees granted by elite institutions abroad. In addition, they should invest their working experience in one firm, as non-family candidates need to interact with

family managers to compensate for their lack of firm-specific idiosyncratic knowledge (Sirmon & Hitt, 2003), and that process as well as the building of trust take time.

In turn, for family CEO candidates, even though findings reveal that a high educational level makes their time to the top longer, it would be advisable for them to keep investing in educational credentials. Large and increasingly complex organisations, like Latin American business groups, demand higher cognitive skills, and family members may become more professional thanks to specific educational processes (Hall & Nordqvist, 2008). This investment is also desirable in multilatina family CEO candidates as those firms will continue their expansion process, and, according to the literature, family firms run by more educated CEOs have a higher ability to enter foreign markets (Barroso, Villegas & Pérez-Calero, 2011). An alternative professionalisation strategy could be to keep on hiring/promoting highly qualified non-family CEO candidates, as it was the case for some multilatina family firms. In addition, regarding experience, the working experience is deemed also necessary to transfer the idiosyncratic and tacit firm-related knowledge possessed by family firm leaders as well the personal and professional family networks (Salvato & Melin, 2008).

### **7.3 Limitations and further research**

We would like to acknowledge several limitations of our study. Our sample consists exclusively of executives who achieved the top position. Therefore, the explanatory power of our results is limited to identifying human capital variables that influenced career advancement among successful candidates. In addition, like most quantitative research about CEOs, ours relies on biographical data manually collected from different sources. Researchers can rarely rely on busy CEOs to reply to surveys (Cycyota & Harrison, 2006).

Regarding avenues for research, several suggestions are provided. First, this study has focused on CEOs of Latin American firms; however, it remains to be tested whether these findings would be similar for CEOs working for Western MNCs in Latin America. It would also be interesting to expand sample beyond large and multinational corporations to analyze how human capital influences career development in Latin American SMEs.

Second, access to top management through conformity with the credentials of the elite in one country cannot simply be applied to other countries (Schmid & Wurster, 2017). For example, having examined the education variable in chapter 4, even though the Brazilian sample exhibited more non-elite (61%) than elite CEOs, the relationship between capital origin and elite undergraduate was both negative and significant (Pearson's correlation coefficient,  $r=-.305$ ;  $p<.001$ ) as was the relationship between capital origin and elite graduate abroad (Pearson's correlation coefficient,  $r=-.196$ ;  $p<.01$ ). Therefore, future research should delve into each of the Latin American country differences that influence the development of career patterns in the region, considering bigger national samples per country and extending the scope to senior management roles.

Third, as the influence of international destinations upon the time to the top was examined in a reduced sample (31% of the participants had international experience), it would be worth studying this relationship in bigger samples in future studies. Moreover, the degree of internationalization of multinationals could be another variable to explore further. In other words, it would be interesting to test whether or not a higher degree of internationalization in that type of firms moderates the relationship between international experience and the time to the top.

Fourth, considering that our results revealed that the multinational status does not moderate the relationship between international experience and time to the top, future research could explore the influence of alternative strategies to acquire international human capital.

Fifth, as the family business category is far from homogeneous (Croutsche & Ganidis, 2008), it would be interesting to contrast the influence of human capital variables upon the time to the top in CEOs working for larger organisational entities versus those working for smaller firms. Furthermore, the examination of careers' development in family firms could be enriched introducing some key variables related with family involvement in management, family governance and family generation.

Sixth, considering that the model shown in chapter 6 offers limited evidence regarding the variables influencing the time to the top, especially for family CEOs, further research could also look more deeply into other indicators of experience, such as the number of international assignments, which showed a negative correlation with kinship (Pearson's correlation coefficient,  $r=-.111$ ;  $p<.10$ ) in chapter 5.

Seventh, since the influence of human capital indicators upon the time to the top for non-family CEOs working for family firms was examined in a reduced sample (chapter 6), it would be worth exploring this relationship in bigger samples.

Eighth, as most Latin American firms are from Brazil and Mexico and the percentage of family-owned firms is higher for Mexican firms, it would be interesting to enquire further into the relationship between human capital variables and time to the top in a bigger sample of Mexican family firms.

Ninth, relying on the comparative human resource management framework, as part of the International Human Resource Management field (Brewster, Sparrow, & Vernon, 2007), future research could explore in detail the institutional and cultural factors that influence time to the top, comparing CEOs working in WEIRD and non-WEIRD markets.

Finally, looking forward, a promising avenue for research is the analysis of the contribution of social capital to Latin American CEO career success, as social capital can directly influence the development of human capital and the value of human capital can influence the creation of social capital (Crane & Hartwell, 2019), and social contacts are especially relevant in the Latin American environment (Elvira & Davila, 2005).

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