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Opportunity Exploitation and TMT Organizational Configurations

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Abstract

Paola Rovelli. Affiliation: Politecnico di Milano School of Management. Year of enrolment: 2013. Expected final data: November 2016. E-mail address: paola.rovelli@polimi.it. Co-authors: Gianluca Spina, Emilio Bartezzaghi, Raffaella Cagliano, Massimo G. Colombo, Annachiara Longoni, Cristina Rossi Lamastra. Opportunity exploitation (i.e., "the deployment of resources, actions, and investments to realize recognized opportunities", Foss et al., 2013, p. 1453) is an important capability that can strongly influence firms' performance (op. cit.,

2013). Nevertheless, to date, its organizational antecedents have gone rather under-remarked. This is a relevant gap. In particular, it would be reasonable to expect that the organization of Top Management Team (TMT) does matter in opportunity exploitation. Indeed, such an endower requires strategic decision-making by the TMT (in defining which opportunities to pursue, what resources to mobilize to this end, what actions to implement, and the amount of investments needed), which is in turn influenced by its organization. Along this line of reasoning, we move from the premise that the organization of the TMT consists in several complementary elements (Ennen and Richter, 2010), which calls for a configurational approach, and study whether configurations of these elements relate to opportunity exploitation. The paper advances received knowledge in several directions. First, the literature on opportunity exploitation has disregarded the role of organizational elements in determining the amount of opportunities exploited by the firm. The only exception is the work of Foss et al. (2013), which has found a positive relation between the amount of opportunities exploited and the level of delegation and use of coordination mechanisms in the firm. Moreover, this contribution, as other studies on opportunity exploitation, focuses on the general firm level, without considering the key role of the TMT. In addition, this literature has failed in acknowledging that firms usually face diverse kinds of opportunities, whose exploitation likely requires diverse organizational arrangements. Lastly, to the best of our knowledge, TMT literature has usually studied TMT organizational elements separately, thus implicitly assuming that complementarities do not play any role in the decision-making of TMT and ultimately on its performance. We test our conjectures on data we gathered through a large-scale survey addressed to CEOs of Italian firms. We created a structured questionnaire based on the literature and we pilot-tested it on 6 CEOs and pretested it on other 31 CEOs. Then, we administered the survey to a sample of 6,108 Italian firms randomly extracted from a target population of 50,341 Italian firms with more than 20 employees, stratifying it along three dimensions: (i) the number of employees, (ii) the industry (manufacturing and services), and (iii) the geographical location. Due to difficulties in finding contact information, we contacted CEOs of 3,899 firms via email and we obtained a final sample of 241 questionnaires. However, the sample used in this work consists of 237 firms, as responses by four firms contained missing data on the variables included in the analyses. The sample is representative of the target population along the classic dimensions (e.g., industry and geographical location) and no response bias emerged comparing (i) respondent vs. non-respondents, (ii) early vs. late respondents, and (iii) fully respondents vs. those who dropped-out. Moreover, we triangulated CEOs' responses with a second survey addressed to Human Resource Managers of Italian firms in the sample. To identify TMT configurations, we applied a two-step cluster analysis to the following organizational elements: TMT delegation, TMT coordination, TMT communication, TMT size, TMT formalization, and TMT compensation. In so doing, we identified three well-characterized clusters that we labeled as CEO centric TMT, Integrated TMT, and Incentive based TMT. Among other things, CEO centric TMTs show a low level of delegation, coordination, and variable compensation. Conversely, the remaining configurations present a high level of delegation, which, in order to align TMT members objectives, is coupled with a high use of coordination mechanisms in the Integrated TMT, and a high use of incentives in the Incentive based TMT. Then, applying Scheffe post hoc tests, OLS and SURE models, we found that TMT configurations do influence opportunity exploitation. In this regard, we made a step forward and, besides analyzing opportunity exploitation in general, we distinguished between innovation opportunities and change opportunities. Specifically, both Integrated TMTs and Incentive based TMTs are positively related to opportunity exploitation in general and innovation opportunities, thus highlighting that the two configurations are equifinal in this respect. Conversely, Incentive based TMTs have no impact on change opportunities, which are instead positively affected by Integrated TMT influences. References. Amason, A. C. (1996). 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OPPORTUNITY EXPLOITATION AND TMT ORGANIZATIONAL CONFIGURATIONS

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ABSTRACT

In this paper, we jointly consider the organization of the Top Management Team (hereafter: TMT) and the exploitation of opportunities by firms. Specifically, we study whether different ways to combine six main organizational elements of the TMT (i.e., different TMT configurations) relate to opportunities exploited by the firm. Applying a cluster analysis to a sample of 237 Italian firms, collected through a large-scale survey addressed to CEOs, we found three well-characterized clusters, which deploy different configurations of the selected organizational elements. We label these configurations as CEO centric TMT, integrated TMT, and incentive based TMT. Then, we find these TMT organizational configurations are associated with different levels of opportunity exploitation. In particular, integrated TMT and incentive based TMT perform better in exploiting opportunities in general and innovation opportunities (i.e., related to changes in processes, products and markets). Moreover, integrated TMT are positively related to change opportunities (i.e., associated with changes in the organization).

Keywords: Top Management Team, organization, configuration, opportunity exploitation.

INTRODUCTION

Opportunity exploitation (i.e., "the deployment of resources, actions, and investments to realize recognized opportunities", Foss et al., 2013, p. 1453) is an important capability that can strongly influence firms' performance (op. cit., 2013). Nevertheless, to date, its organizational antecedents have gone rather under-remarked. This is a relevant gap. In particular, it would be reasonable to expect that the organization of the Top Management Team (TMT) does matter in opportunity exploitation. Indeed, such an endower requires strategic decision-making by the TMT (in defining which opportunities to pursue, what resources to mobilize to this end, what actions to implement, and the amount of investments needed), which is in turn influenced by its organization. Along this line of reasoning, we move from the premise that the organization of the TMT consists in several complementary elements (Ennen and Richter, 2010), which calls for a configurational approach, and study whether configurations of these elements are associated with different levels of opportunity exploitation (also distinguishing between different kinds of opportunities) and whether they are equi-final (i.e., they lead to the same outcome, Fiss, 2007).

The paper try to fill the aforementioned gap advancing received knowledge in several directions. First, the literature on opportunity exploitation has disregarded the role of organizational elements in determining the amount of opportunities exploited by the firm. The only exceptions are the works of Foss et al. (2013, 2014), which have found a positive relation between the amount of opportunities exploited and the level of delegation, formalization, and use of coordination mechanisms in the firm. Moreover, these contributions, as other studies on opportunity exploitation, focus on the general firm level, without considering the key role of the TMT. In addition, this literature has failed in acknowledging that firms usually face diverse kinds of opportunities, whose exploitation likely requires diverse organizational arrangements. Lastly, in filling this gap, we contribute also to the literature on TMTs. Indeed, to the best of our knowledge, TMT literature has usually studied TMT organizational elements separately, thus implicitly assuming that complementarities among them do not play any role in the decision-making of the TMT and ultimately on its performance.

We test our conjectures on data we gathered through a large-scale survey addressed to CEOs of Italian firms. Starting from a sample of 6,108 firms, due to difficulties in retrieving contact information, we administered a structured questionnaire to CEOs of 3,899 firms and we obtained a usable sample of 241 questionnaires. However, the sample used in this work consists of 237 firms, as responses by four firms contained missing data on the variables included in the analyses. To identify TMT configurations, we applied a two-step cluster analysis to the following organizational elements: TMT delegation, TMT incentives, TMT coordination, TMT communication, TMT size, and TMT

formalization. In so doing, we identified three well-characterized clusters that we labeled as CEO centric TMT, integrated TMT, and incentive based TMT. Among other things, CEO centric TMTs show a low level of delegation, coordination, and variable compensation. Conversely, the remaining configurations present a high level of delegation, which, in order to align TMT members objectives, is coupled with a high use of coordination mechanisms in the integrated TMT, and a high use of incentives in the incentive based TMT. Then, applying Scheffe post hoc tests, OLS and SURE models, we found that TMT configurations do are associated with opportunity exploitation. In this regard, we made a step forward and, besides analyzing opportunity exploitation in general, we distinguished between change opportunities and innovation opportunities[1]. Specifically, both integrated TMTs and incentive based TMTs are positively related to opportunity exploitation in general and innovation opportunities, thus highlighting that the two configurations are equi-final in this respect. Conversely, incentive based TMTs have no a significant relation with change opportunities, which are instead positively affected by integrated TMT influences.

The reminder of the paper proceeds as follows. First, we introduce our theoretical background, dealing with opportunity exploitation and how the selected TMT organizational design elements may play a role. Then, we describe how we gathered data, the sample we used in this paper, and how we operationalized variables. In the following sections, we describe the analyses we made and the results we obtained (robustness checks are available on an online appendix). Finally, we conclude.

THEORETICAL BACKGROUND

TMT and opportunity exploitation

Opportunity exploitation can be a key determinant of firms' performance (Foss et al., 2013; Rauch et al., 2009). However, organizational scholars rarely went deep in its determinants. Only recently, Foss et al. (2013, 2014) analyzed the linkages among delegation, formalization, coordination mechanisms and opportunity exploitation, finding a positive effect between the three organizational elements and the exploitation of opportunities by the firm. Conversely, the remaining contributions on opportunity exploitation has been primarily performed in the entrepreneurship field in relation to a plethora of diverse aspects. These include: the use of the strategic marketing planning in entrepreneurial ventures (Sager and Dowling, 2009); the timing of opportunity exploitation (Choi et al., 2008); the

[1] Change opportunities consist in changes in the organization, while innovation opportunities refer to changes in processes, products, and markets. See the research methodology section for a description of the creation of these two types of opportunities.

entrepreneurial decision to start exploiting opportunities (Choi and Shepherd, 2004); the role of entrepreneurial experience (Ucbasaran et al., 2003).

All these contributions, included those by Foss and colleagues (2013, 2014), analyze the firm in general, without acknowledging the role of TMTs. However, once identified opportunities, exploiting them requires defining which opportunities to pursue, what resources to use to exploit them, what actions to implement, and the amount of investments needed. In sum, none can deny that opportunity exploitation requires making strategic decisions, whose responsibility typically resides at the TMT level. Indeed, TMTs are formed by those managers involved in deciding the large and strategic issues facing the firm, thus involved in the strategic decision-making (Amason, 1996, Collins and Clark, 2003). Notably, prior research indicates that the TMT will yield stronger explanations of organizational outcomes than will the customary focus on the individual top executive (e.g., CEO) alone (Hambrick, 2007).

TMT organizational elements and their complementarities

Being the TMT an aggregation of individuals, we believe that its organization can significantly influence how they are organized to produce organizational outcomes such us opportunity exploitation. However, to the best of our knowledge, organizational elements have been previously empirically related to opportunity exploitation only in two works (i.e., Foss et al., 2013, 2014). Consequently, to advance knowledge in this realm, we make an effort in identifying the key organizational elements that characterize TMTs and that may be crucial for opportunity exploitation. Specifically, we identify six organizational elements that help the TMT in identifying the set of the possible opportunities that the firm might exploit, in selecting, among these, those to pursue and that better fit the firms, and in managing firm's resources and complementarity assets (e.g., production and sales) (Teece, 1986) from divers functions to effectively exploit selected opportunities. In other words, we identify the TMT organizational elements that helps exploiting opportunities.

The first relevant element is TMT delegation. As aforementioned, the strategic decision-making of the TMT is needed to exploit opportunities. Consequently, the right amount of decision authority has to be delegated to the TMT members, giving them the discretion and autonomy that are needed to exploit opportunities (Foss et al., 2014). Moreover, providing decision authority to TMT members likely stimulates them to acquire new knowledge from outside (Hage and Aiken, 1967, Foss et al., 2013) and, being them responsible for diverse organizational units and areas, allows to leverage the specific knowledge they possess (Jensen and Meckling, 1992), which depends on their functional specialization (Gupta, 1984). In so doing, delegation of decision authority helps in identifying opportunities through the exploitation of the knowledge that TMT members possess or acquire.

Indeed, following the reasoning of Aghion and Tirole (1997), we posit that delegating decision authority, TMT members are incentivized to search for new opportunities, thus increasing the number of those that can be exploited by the firm. In addition, it also helps in selecting the best opportunities to exploit. Indeed, delegating decision authority to them, all the TMT members are involved in deciding which opportunities to exploit and how, thus increasing the variety of perspectives considered and taking advantage of the knowledge they possess to make optimal decisions (Jensen and Meckling, 1992).

However, once provided decision authority to TMT members, their objectives have to be aligned with those of the firm. In fact, delegation is usually associated with the loss of control problem (Dessein, 2002), meaning that agents act in their own self-interest (Colombo and Delmastro, 2008). Consequently, incentives need to be settled for TMT members, for instance defining high-powered incentives (i.e., relating variable compensation to performance outcomes, Colombo et al., 2014, Laursen and Mahnke, 2001). This, in turn, have a direct effect on individual behavior (Foss et al., 2011): incentives increase TMT members' effort (Jensen and Meckling, 1992) in searching for new opportunities and assure that they scan them choosing the ones that are the best basing on firm's interests. This means that using the right amount of TMT incentives can have a positive influence on the exploitation of opportunities.

As aforementioned, when a firm wants to exploit opportunities, it needs to put in motion diverse and complementary firm's assets (e.g., human resources, research and development, production, marketing, etc.). This not only imply the aforementioned delegation of decision authority or the consideration of TMT members' specific knowledge and needs., but also the need to orient these assets to the same objective (Teece, 1986), i.e., exploiting the selected opportunity. This means that TMT members, which usually are the managers responsible for these assets, have to coordinate and communicate in order to make the exploitation of opportunities easier and effective. Indeed, TMT coordination and communication enable cross-functional information exchange (Egelhoff, 1991, Foss et al., 2013, Cao et al., 2010) and knowledge integration (Daft and Lengel, 1986), which improve both the identification of the right opportunities and their exploitation.

Due to the need to involve diverse firm's assets and to exploit the specific knowledge possessed by the managers in charge of the organizational units that have a role in opportunity exploitation, TMTs should be as representative as possible of the whole firm. In this sense, the key role of TMT size emerges. Indeed, the bigger is a TMT, the higher is its functional heterogeneity (Allison, 1978, Carpenter, 2004, Zimmerman, 2008). First, this positively influences the identification of opportunities, through a better environmental scanning (Zimmerman, 2008). On the contrary, with a smaller TMT, a smaller amount of knowledge is brought in it, thus reducing the number of

opportunities that can be identified, and then likely exploited. Second, having a big TMT also influences the selection and the exploitation of opportunities, allowing to better manage all the assets needed to do this. Indeed, it is reasonable to think that a bigger TMT would include and consider the needs of a higher number of firm's assets (i.e., organizational units), thus allowing to exploit opportunities in a better way, leveraging on assets complementarities. On the contrary, a smaller TMT would include fewer managers, without taking into consideration all the aspects needed to exploit opportunities in a proper way.

Lastly, also TMT formalization plays a role in opportunity exploitation. Despite formalization establishes patterns of organizational action (Cohen and Bacdayan, 1994, Galunic and Rodan, 1998) and, in some cases, it constrains individuals' exploration efforts restricting their attention on some specific aspects (Weick, 1979), it can also have an opposite positive effect on opportunity exploitation. Indeed, formalization helps in managing knowledge and makes it easier to identify opportunities from both internal and external one (Jansen et al., 2005). Moreover, formalization helps in organizing resources and complementary assets needed to exploit opportunities, understanding the tasks needed to do it, assuring agreement and coordination among TMT members, and speeding up exploitation (Foss et al., 2014).

To sum up, basing on our reasoning, each of the aforementioned organizational elements (i.e., TMT delegation, TMT incentives, TMT coordination, TMT communication, TMT size, and TMT formalization) can influence firm's opportunity exploitation. In general, such organizational elements have often been analyzed in isolation (e.g., Jansen et al., 2005, Foss et al., 2011), and this is even more true for previous works on opportunity exploitation (Foss et al., 2013, 2014). However, authors suggest the need to study such elements as a combination of variables (Foss et al., 2013), due to the complementarities that exist among them (Ennen and Richter, 2010). Generally, all firms are characterized by complementarities. For instance, Milgrom and Roberts (1990) find that there are complementarities among firm's functions (e.g., marketing, manufacturing, engineering, design, and organization); Ichniowski et al. (1997) deal with the importance of those among work practices, while, more recently, Gruber et al. (2010) consider complementarities between resources and capabilities. We posit that complementarities exist also at the TMT level, considering its organizational design. Indeed, following Ennen and Richter (2010), there are beneficial interplays among the diverse organizational elements, which in turn increase their value. This presence of complementarities raises the need to study these organizational elements simultaneously and we believe that the configurational approach could answer to this need as showed by the previous organizational and human resource management literature (e.g., Gruber et al., 2010, Mendelson, 2000). Consequently, in this paper, we apply a configurational approach at the TMT level,

considering the aforementioned organizational elements; then, once identified TMT configuration, we study whether they are associated with different levels of opportunity exploitation (also distinguishing between two different kinds of opportunities) and whether they are equi-final (i.e., different configurations lead to the same outcome, Fiss, 2007).

RESEARCH METHODOLOGY

Data collection and sample

Our study relies on data collected through a large-scale survey. We developed a structured questionnaire that we sent to a sample of CEOs of Italian firms with more than 20 employees and operating in the manufacturing and service industries. This survey is part of a large project on TMT organizational design (called StiMa project) active at Politecnico di Milano School of Management, which focuses on TMTs to study how they are organized. Through this data collection we created a database of 241 answers. The sample is representative of the population of 50,341 Italian firms (basing on industry and geographical location) and it is characterized by a response rate of 6.18%[2]. Testing for non-response bias no problems emerged. Indeed, among others, we compared early vs. late respondents and we found significant differences only for four of the 59 dimensions (i.e., constructs and items) measured through the questionnaire; moreover, specifically referring to the construct and variables considered in this paper, only one difference emerged, suggesting that non-response bias is not a problem. Lastly, we triangulated data through a second survey addressed to Chief Human Resource Officers (HRs) of the 114 firms in the sample for which we had their contact information. 43 HRs filled in the questionnaire and, also in this case, we found no differences among CEOs' and HRs' responses. See Rovelli and Rossi-Lamastra (2015) for a detailed description of the data collection procedure and of all the checks for data reliability we did. Due to missing values corresponding to the variables included in the analyses described below, the sample used in the paper consists of 237 firms.

Measures

Analyses are based on the following variables. Specifically, we considered three dependent variables to study both opportunity exploitation in general and two specific types of opportunities. Then, a set of variables served to identify how the TMT is organized (i.e., TMT organizational configuration),

[2] We computed the response rate considering the number of usable responses (241) and the sample of 3,899 firms for which we had the email contact of the CEO.

so defining our main independent variables. In this regard, we focused on the aforementioned organizational design elements: TMT delegation, TMT incentives, TMT coordination, TMT communication, TMT size, and TMT formalization. Lastly, we considered some control variables (i.e., individual-, firm-, and industry-level variables) to take into account possible confounding factors in evaluating the relation between opportunity exploitation and TMT organizational configurations; due to space constraints, control variables are not presented in this version of the paper.

Dependent variables on opportunity exploitation

To understand whether and how the organization of the TMT relates to the exploitation of opportunities by the firm, we considered three different dependent variables. As mentioned earlier, the first one represents opportunity exploitation in general, while the other two refer to specific types of opportunities: change opportunities and innovation opportunities.

To measure opportunity exploitation in general, we took inspiration from Foss et al. (2013). Specifically, we asked CEOs to assess the amount of opportunities exploited by the firm in the last three years, using a seven-point Likert-like scale, ranging from "no opportunities" (coded 1) to "many opportunities" (coded 7). More in detail, CEOs had to evaluate seven different types of opportunities: (i) new products and services (with the exception of marginal changes); (ii) new production technologies; (iii) entry into new markets; and (iv) changes in the organization (structure and work). In addition, items include new ways to manage (v) human resources (HR), (vi) research and development (R&D), and (vii) accounting and finance. Opportunity exploitation was measured as the average of the seven items and a higher level indicates a higher number of opportunities exploited.

Starting from this question, we made an effort in defining two different categories of opportunities that firms can exploit. Specifically, we divided the seven items in two groups. The first one was related to innovation opportunities and includes the followings: (i) new products and services; (ii) new production technologies; (iii) entry into new markets; and (iv) new ways to manage R&D. The second category (i.e., change opportunities) referred to the exploitation of opportunities associated with the organization of the firm: (i) changes in the organization (structure and work), (ii) new ways to manage HR, and (iii) new ways to manage accounting and finance. A Confirmatory Factor Analysis validated the two defined categories and the resulting factors were used to run the analyses (Cronbach's alpha were higher than 0.60).

Independent variables: how TMTs are organized

The main independent variable of this study consists in how the TMT is organized, meaning its organizational configuration. First, we based on a set of organizational design elements to identify

whether and what TMT organizational configurations exist. Second, we created a series of dummy variables, one for each TMT organizational configuration, to assess whether adopting a specific configuration is positively or negatively associated with the number and the type of opportunities exploited by the firm. More details about the number and the meaning of the dummy variables are provided once described the identified configurations.

As aforementioned, to recognize TMT organizational configurations, we considered the following variables.

TMT delegation

TMT delegation refers to the level of decentralization of decision authority (Foss et al., 2013) in the TMT. To measure it, we asked CEOs to assess at which level of the firm hierarchy a list of strategic decisions are made. We adapted the scale developed by Colombo and Delmastro (2008) and we asked to specify the lowest level that has the authority to make each strategic decision using a five-point scale (1 = CEO's corporate superior (e.g. the board of director or the CEO of the parent company); 2 = CEO; 3 = first line managers, with formal authorization by the CEO; 4 = first line managers, autonomously; 5 = middle managers). Delegation was computed as the average over all the decisions, excluding those taken by the superior of the CEO (i.e., with a value of 1) to consider only decisions made by the TMT.

TMT incentives

We included two variables to evaluate the use of variable compensation within the TMT, thus representing the adoption of high-powered incentives (Gambardella et al., 2010, Laursen and Mahnke, 2001) within the TMT. Specifically, we considered both CEO and TMT variable compensation. Both variables were measured with a six-point scale: 1 = 0%; 2 = between 0% and 10%; 3 = between 10% and 20%; 4 = between 20% and 30%; 5 = between 30% and 50%; 6 = more than 50%. In the questionnaire, we asked the CEO to evaluate, over the last three years, the average percentage of her variable compensation and the one of the TMT members.

TMT coordination

We evaluated TMT coordination considering both formal and informal coordination mechanisms. About the former, we measured the use of formal coordination mechanisms among TMT members with a three items factor ($\alpha = 0.56$). Adapting Foss et al. (2013) measure, we evaluated the adoption of (i) formal committees, (ii) temporary cross-functional work groups (task forces), and (iii) liaison committees involving TMT members, using a seven-point Likert-like scale. CEOs were asked to

indicate how often the firm uses the above mentioned coordination mechanisms, ranging from "never" (coded 1) to "very often" (coded 7). A higher value attributed to each item means a higher use of that formal coordination mechanism within the TMT. We applied a Principal Component Analysis (PCA) to the items to compute formal coordination.

At the same time, we took into account informal coordination considering the tacit coordination mechanisms used within the TMT. As the previous one, we computed this variable applying a PCA to the corresponding items. Specifically, investments in tacit coordination mechanisms were measured with a five items factor ($\alpha = 0.85$) adapted from Srikanth and Puranam (2011). Specifically, we asked CEOs to evaluate each item on a seven-point Likert-like scale, ranging the effort spent in facilitating TMT tacit coordination from "no effort" (1) to "very high effort" (7). Items include the following actions: (i) organizing team building activities to develop a common vision and mutual understanding, (ii) helping TMT members to understand other members' decisions, and encouraging (iii) TMT meetings to understand how to better work together, (iv) the adoption of a common language in the TMT, and (v) the exchange and sharing of working experience within the TMT. Higher values attributed to each item indicate a higher effort towards the use of tacit coordination mechanisms.

TMT communication

We used a four items factor to measure TMT communication, specifically ongoing communication, i.e., the adoption of information technologies to facilitate mutual adjustment among TMT members. Taking inspiration from Srikanth and Puranam (2011), we asked CEOs to rate each item on a seven-point Likert-like scale that indicates how much effort the TMT puts in each of them, ranging from "no effort" (1) to "very high effort" (7). A higher value means that the TMT relies more on communication (and remote collaboration) instruments. Items include (i) training initiatives for TMT members on remote collaboration tools, (ii) developing or adopting a dedicated IT communication network, and (iii) using electronic tools for remote collaboration and (iv) remote communication. A factor has been computed basing on the responses to the four items to measure the ongoing communication construct ($\alpha = 0.84$).

TMT size

To measure the size of the TMT, we counted the number of top executives composing the TMT, thus measuring CEO's span on control. To do so, we asked CEOs to identify and list all the TMT members.

TMT formalization

TMT formalization was measured computing the average of two items adapted from Clark and Maggitti (2012), evaluated by CEOs using a seven-point Likert-like scale. Specifically, items give an indication on (i) whether communications between TMT members mainly occur in a verbal form (1) or in a written form (7), and (ii) whether tools such as meeting agenda and minutes are "not very important" (1) or "very important" (7) in TMT decision making. Higher values indicate a higher level of formalization.

METHODS AND ANALYSES

To assess the relation between TMT organizational configurations and opportunity exploitation, we first identified configurations basing on the aforementioned variables. To this end, we performed a cluster analysis, which is a well-known technique to identify similar groups based on a specified set of variables and it has been used in previous studies on configurations in organizations (e.g., Gruber et al., 2013, Fiss, 2007). According to previous studies, a two-step clustering procedure was used (e.g., Gibson and Birkinshaw, 2004, Gruber et al., 2010). We determined the number of clusters using the hierarchical cluster analysis developed by Ward (1963), and then we assigned the 237 Italian firms in our sample to clusters using the k-means clustering method. Before performing the analysis, all variables were standardized and we checked for the presence of outliers, since cluster analysis tends to be sensitive to them. In addition, for each variable, the Scheffe pairwise comparison of means was used to determine which pairs were significantly different.

Afterward, to have a first idea on whether differences exist in the exploitation of opportunities basing on the identified TMT organizational configurations, we considered the opportunity exploitation variable and the seven items that compose it and we applied the Scheffe post hoc test to compare their means in the clusters. Then, we created a dummy variable for each TMT organizational configuration and we used them to go deeper in the analysis. Specifically, we used a OLS model to assess their association with opportunity exploitation in general, and a SURE model to simultaneously evaluate the relation of different configurations with the two identified categories of opportunities (change opportunities and innovation opportunities). Specifically, the first model was a regression model in which the dependent variable was opportunity exploitation and in which only control variables were included, while in the second model we added the main independent variables representing TMT organizational configurations. Then, the third model (SURE) considered change opportunities and innovation opportunities as dependent variables and included only control

variables, while the main effect of the type of TMT organizational configuration was added in the fourth, SURE model.

Lastly, to test the robustness of our findings, we performed some additional analyses. Robustness checks (including instrumental variable analysis) are available on an online appendix.

RESULTS

Due to space constraints, descriptive statistics and correlations for all the variables used in the analyses are not presented here, but they are available on an online appendix. In the following, we provide the results obtained performing the above-cited analyses.

Cluster analysis: identifying TMT organizational configurations

Cluster analysis provides support for the presence of three well-characterized clusters. The following Table 3 shows the cluster mean for each of the eight variables considered in the analysis[3]. Moreover, the Table also reports the mean on the overall sample and the p-value of the one-way analysis of variance (ANOVA) tests. Basing on these tests, we found all the variables are statistically different among clusters at 99%. Taking inspiration form Gruber et al. (2010) and basing on the results of the Scheffe post-hoc tests, for each variable we indicated among which clusters there are not statistically significant differences. Specifically, the same superscript label means that the variable is not distributed in different ways in the clusters in correspondence of which the same label is reported. Moreover, the highest mean is labeled with 'a', the next highest mean with 'b', and the lowest mean with 'c'. Table 4 reports a verbal description of the clusters[4].

[3] Note that, as aforementioned, we standardized all the variables to perform the two-step cluster analysis. However, in Table 3 we decided to report non-standardized values to make results easier to read. The only exceptions are formal coordination, tacit coordination and ongoing communication variables as they have been computed applying a PCA.

[4] Here three examples are provided to interpret Table 3 and 4:

(i) In the case of TMT delegation, two separate brackets emerge: the first one, with the superscript 'a', includes cluster 2 and 3, meaning that there are not statistical differences between these two clusters. The second bracket coincides with cluster 1, identified with the superscript 'b', meaning that it is statistically different from cluster 2 and 3. Consequently, in Table 4, which translates the superscript with verbal brackets names, cluster 2 and 3 are labeled as high, while cluster 1 falls in the low bracket.

(ii) Considering TMT size, there are three statistically different brackets: high, medium, and low (see Table 4). In each of them falls a specific cluster, characterized by a specific subscript label: 'a' (high bracket), 'b' (medium bracket), and 'c' (low bracket).

(iii) Lastly, as TMT delegation, TMT formalization is characterized by two brackets. However, in this case there are not statistically differences between cluster 1 and 3, and cluster 2 and 3, while cluster 1 and 2 are statistically different. Consequently, being cluster 3 not different from neither cluster 1 nor cluster 2, its superscript label

To facilitate the description of the three clusters we assigned a name to each TMT organizational configuration: CEO centric TMT, integrated TMT, and incentive based TMT. As anticipated, in order to include TMT organizational configuration in the following regression and SURE models, we created three dummy variables, one for each configuration.

Table 1. Cluster analysis' results

Variables	Sample mean	**1** (n = 80) CEO centric TMT	**2** (n = 80) Integrated TMT	**3** (n = 77) Incentive based TMT	ANOVA p-value
TMT delegation	2.6909	2.4951[b]	2.7935[a]	2.7877[a]	0.0000
TMT variable compensation	2.6878	2.2250[b]	2.0750[b]	3.8052[a]	0.0000
CEO variable compensation	2.9156	2.3500[b]	1.8875[c]	4.5714[a]	0.0000
Formal coordination	0.0090	-0.8279[b]	0.5373[a]	0.3298[a]	0.0000
Tacit coordination	-0.0049	-0.8617[c]	0.5742[a]	0.2837[b]	0.0000
Ongoing communication	0.0127	-0.7551[c]	0.7354[a]	0.0596[b]	0.0000
TMT size	6.4231	4.4762[c]	6.7228[b]	8.1343[a]	0.0000
TMT formalization	3.8797	3.5438[b]	4.2250[a]	3.8701[a,b]	0.0059

In the table, cluster means are reported. In each row, if cluster means have the same superscript label than there are not statistically differences among them, basing on the Sheffe post-hoc test. The superscript 'a' represents the highest value, 'b' the next highest value, and 'c' the lowest value. For an example of interpretation of Table 4 and 5, see Footnote 4.

Table 2. Verbal cluster description

Variables	**1** CEO centric TMT	**2** Integrated TMT	**3** Incentive based TMT
TMT delegation	Low	High	High
TMT variable compensation	Low	Low	High
CEO variable compensation	Medium	Low	High
Formal coordination	Low	High	High
Tacit coordination	Low	High	Medium
Ongoing communication	Low	High	Medium
TMT size	Small	Medium	Large
TMT formalization	Low	High	Low, High

Two brackets: high, low.
Three brackets: high, medium, low.
Clusters belong to two brackets in case cluster means are not statistically different.

In the following, a brief description of the three TMT organizational configurations is provided.

Organizational configuration 1: "CEO centric TMT". TMTs adopting this organizational configuration are characterized by the lowest level of delegation; thus, we called the cluster CEO centric TMT, meaning that decisions are made mainly by the CEO and are not delegated downward the hierarchy. This delegation level pairs with a low level of TMT coordination, both formal and informal, and TMT communication, probably because, due to scarce delegation, TMT members do

includes both 'a' (specific of cluster 2) and 'b' (representative of cluster 1). For the same reason, in Table 4, it is labeled as low/high, where low is the bracket of cluster 1, while high the one of cluster 2. Note that this case is different from the previous one in which the intermediate cluster is statistically different from the remaining two, so being labeled as medium.

not need to coordinate and communicate each other to exchange information and make decisions. Moreover, CEO centric TMTs are smaller (5 executives on average) and lower formalized. Finally, considering the three clusters, the variable compensation settles at an intermediate level for the CEO and at the lowest level for the TMT on average, meaning that incentives are not used to align TMT members' objectives.

Organizational configuration 2*: "*Integrated *TMT"*. Considering this configuration, TMTs are characterized by a high level of delegation. However, incentives are not used to align the objectives of the members, as testified by the lowest level of variable compensation, considering both the CEO and the TMT on average. On the contrary, high delegation pairs with the highest use of coordination and communication mechanisms, testifying an effort in developing an integrated TMT. In addition, also the use of formalization is high, while the size of the TMT is intermediate between the other two clusters (7 managers on average).

Organizational configu*ration 3: "Incentive based TMT"*. Contrary to CEO centric TMTs, these teams, as the previous one, show a high level of delegation and use of formal coordination mechanisms. In other words, compared to the previous one these TMTs have the same level of delegation of decision authority, but they differ in the instruments used to control the TMT and take advantage of this high delegation. Specifically, the use of informal coordination mechanisms and ongoing communication is lower, while incentives result as the main instrument used to align TMT members' objectives and facilitate the decision making. Indeed, CEO and TMT variable compensation are higher than in the other two clusters. Moreover, these TMTs are the biggest (8 members on average) and because the high use of incentives distinguishes these TMTs from those in the other two clusters, we called this configuration incentive based TMT.

Opportunity exploitation and TMT configurations: a first look at differences and similarities

Once identified organizational configurations, we performed a series of Scheffe post hoc test to assess whether the mean of the number of opportunities exploited and the exploitation of the seven aforementioned opportunities is different among clusters; Table 5 provides results. Overall, opportunity exploitation is distributed differently among the three TMT organizational configurations, with a level of significance of 99%. However, comparing pairs of clusters, we found significant differences only between CEO centric TMT and incentive based TMT, and between CEO centric TMT and integrated TMT (99% of significance in both cases).

Considering specific types of opportunities, the lowest level of exploitation is always associated with the CEO centric TMT, except for new ways of managing accounting and finance that is low also for incentive based TMT. Integrated TMTs and incentive based TMTs highly exploit opportunities,

with no statistical differences among them (95% of significance). The only exception are new production technology opportunities, for which there are no statistical differences between cluster 2 and 3, but also between cluster 3 and 1, and new markets opportunities, for which there are no statistical differences between cluster 2 and 3, and cluster 2 and 1. To sum up, a first signal of the presence of differences in opportunity exploitation emerges, with more opportunities exploited by firms with TMTs characterized by high delegation, coordination, communication, use of incentives, and formalization.

Table 3. Opportunity exploitation and clusters

Variable	Sample mean	**1** CEO centric TMT	**2** Integrated TMT	**3** Incentive based TMT	ANOVA p-value
Opportunity exploitation	4.1031	3.5714[b]	4.3946[a]	4.3525[a]	0.0000
New products and services	4.3713	3.8750[b]	4.5250[a]	4.7273[a]	0.0057
New production technologies	4.0253	3.5250[b]	4.4125[a]	4.1429[a,b]	0.0069
New markets	4.3671	3.8750[b]	4.4125[a,b]	4.8312[a]	0.0081
Changes in the organization (structure and work)	4.5527	3.8000[b]	4.8500[a]	5.0260[a]	0.0000
New ways to manage HR	4.1097	3.4250[b]	4.4250[a]	4.4935[a]	0.0000
New ways to manage R&D	3.6793	3.1375[b]	4.0375[a]	3.8701[a]	0.0037
New ways to manage Accounting & Finance	3.6160	3.3625[b]	4.1000[a]	3.3766[b]	0.0133

In the table, cluster means are reported. In each row, if cluster means have the same superscript label than there are not statistically differences among them, basing on the Sheffe post-hoc test. The superscript 'a' represents the highest value, 'b' the next highest value, and 'c' the lowest value. For an example of interpretation of Table 5 and 6, see Footnote 4.

Table 4. Verbal description of opportunity exploitation among clusters

Variable	**1** CEO centric TMT	**2** Integrated TMT	**3** Incentive based TMT
Opportunity exploitation	Low	High	High
New products and services	Low	High	High
New production technologies	Low	High	Low/High
New markets	Low	Low/High	High
Changes in the organization (structure and work)	Low	High	High
New ways to manage HR	Low	High	High
New ways to manage R&D	Low	High	High
New ways to manage Accounting & Finance	Low	High	Low

Two brackets: high, low.
Three brackets: high, medium, low.
Clusters belong to two brackets in case cluster means are not statistically different.

Moreover, looking at Table 6 we can see that this first analysis of opportunity exploitation among clusters reveals that two configurations are equi-final basing on opportunity exploitation in general, and on some specific types of opportunities. In details, integrated TMTs and incentive based TMTs lead to the same level of exploitation of opportunities related to new products and services, changes in the organization, and new ways to manage HR and R&D. However, it is worth mentioning that

also CEO centric TMTs and integrated TMTs seem to lead to the same results in term of new ways to manage accounting and finance.

Basing on these preliminary results, we further investigated the relation between TMT organizational configurations and opportunity exploitation using the models presented in the following section, which also helped to better understand the presence of equi-finality between the two TMT organizational configurations characterized by the highest level of delegation.

Going deeper in the relation: does TMT organization matter in exploiting opportunities?

As anticipated, to understand the relation between opportunity exploitation and the TMT organizational configuration adopted by the firm we run four different models, which take also into account some control variables that may affect opportunity exploitation. Moreover, these models were useful to comprehend whether different TMT configuration are equi-final in favoring or preventing the exploitation of opportunities.

The dependent variables were opportunity exploitation in general for Models 1 and 2 (see Table 7), and the two specific types of opportunities for Models 3 and 4, meaning change opportunities and innovation opportunities. All four models included controls for the characteristics of the CEO: CEO tenure and gender, whether the CEO holds a degree and an MBA, and the amount of her decision authority. Other controls referred to firm size and age, industry, geographical location, governance (i.e., whether the firm is a family owned and managed firm or whether it is a subsidiary of a national or a foreign firm), the type of organizational structure adopted by the firm, the number of hierarchical levels, and the adoption of an ERP system. To these variables, we added the level of competition faced by the firm, the rapidity of change of the market, and the growth of the firm. Finally, about the independent variables, we included TMT organizational configuration dummy variables. Specifically, we added the two TMT configurations that appeared to be equi-final in the preliminary Sheffe post-hoc analysis described above: integrated TMT, which was equal to 1 if the TMT adopted this kind of configuration, and incentive based TMT, equals to 1 if the TMT followed this organizational configuration. Independent variables were included in Models 2 and 4, while in Models 1 and 3 only control variables were considered. In the following Table 7, results of OLS and SURE models are shown. Coefficient estimates and significance level are reported (standard errors in parentheses).

Table 5. OLS and SURE models on opportunity exploitation (in general and specific)

	Model 1		**Model 2**		**Model 3**				**Model 4**			
	Opportunity exploitation		Opportunity exploitation		Change opportunities		Innovation opportunities		Change opportunities		Innovation opportunities	
	coef.	p-value	coef.	p-value	coef.	p-value	coef.	p-value	coef.	p-value	coef.	p-value
Integrated TMT	-		0.4696	0.0014	-		-		0.4280	0.0034	0.2405	0.0886
			(0.1452)						(0.1462)		(0.1413)	
Incentive based TMT	-		0.4568	0.0069	-		-		0.2674	0.1122	0.3496	0.0317
			(0.1673)						(0.1684)		(0.1627)	
Firm size (employees 2013)	0.0880	0.0749	0.0584	0.2471	0.1144	0.0200	0.0119	0.8001	0.1026	0.0428	-0.0149	0.7603
	(0.0492)		(0.0503)		(0.0492)		(0.0472)		(0.0507)		(0.0490)	
Hierarchical levels	-0.0037	0.9456	-0.0110	0.8362	0.0369	0.4957	-0.0305	0.5577	0.0254	0.6355	-0.0305	0.5561
	(0.0542)		(0.0533)		(0.0542)		(0.0520)		(0.0536)		(0.0518)	
Divisional structure	0.0358	0.8546	-0.0576	0.7647	-0.1278	0.5122	0.1361	0.4672	-0.2009	0.2990	0.0789	0.6729
	(0.1950)		(0.1922)		(0.1950)		(0.1872)		(0.1935)		(0.1870)	
Hybrid structure	-0.0368	0.7961	-0.0574	0.6802	-0.2043	0.1511	0.1423	0.2975	-0.2203	0.1154	0.1296	0.3380
	(0.1423)		(0.1390)		(0.1423)		(0.1366)		(0.1399)		(0.1353)	
Matrix structure	0.3713	0.0511	0.2977	0.1122	0.0367	0.8462	0.4598	0.0114	-0.0080	0.9662	0.4047	0.0258
	(0.1893)		(0.1866)		(0.1893)		(0.1817)		(0.1878)		(0.1815)	
Firm age	-0.0144	0.8746	-0.0307	0.7310	0.0993	0.2763	-0.1393	0.1118	0.0862	0.3366	-0.1490	0.0859
	(0.0912)		(0.0892)		(0.0912)		(0.0876)		(0.0897)		(0.0867)	
Family owned and managed	-0.2431	0.0987	-0.1975	0.1782	-0.2147	0.1430	-0.1440	0.3061	-0.2035	0.1666	-0.0971	0.4946
	(0.1466)		(0.1462)		(0.1466)		(0.1407)		(0.1471)		(0.1422)	
Subsidiary	0.0782	0.5730	0.0595	0.6619	0.0068	0.9607	0.0739	0.5785	0.0021	0.9876	0.0547	0.6789
	(0.1385)		(0.1358)		(0.1386)		(0.1330)		(0.1367)		(0.1321)	
Subsidiary of a foreign firm	-0.5588	0.0033	-0.5793	0.0020	-0.2893	0.1242	-0.5405	0.0028	-0.2861	0.1242	-0.5680	0.0016
	(0.1881)		(0.1849)		(0.1882)		(0.1806)		(0.1861)		(0.1799)	
CEO gender	-0.0697	0.7405	-0.0110	0.9576	-0.0693	0.7417	-0.0105	0.9587	-0.0106	0.9593	0.0156	0.9381
	(0.2101)		(0.2062)		(0.2102)		(0.2018)		(0.2075)		(0.2006)	
CEO tenure	-0.0676	0.2493	-0.0610	0.2871	-0.1494	0.0107	0.0475	0.3971	-0.1457	0.0113	0.0527	0.3433
	(0.0585)		(0.0571)		(0.0585)		(0.0561)		(0.0575)		(0.0556)	
CEO degree	0.0423	0.7640	0.0689	0.6215	-0.1799	0.2009	0.2167	0.1085	-0.1381	0.3244	0.2167	0.1096
	(0.1406)		(0.1393)		(0.1407)		(0.1350)		(0.1401)		(0.1355)	
CEO decision power	0.3324	0.0520	0.2222	0.1906	0.1052	0.5362	0.3401	0.0373	0.0245	0.8858	0.2684	0.1029
	(0.1701)		(0.1692)		(0.1701)		(0.1633)		(0.1703)		(0.1646)	
Firm growth	0.2211	0.5368	0.1943	0.5784	0.3127	0.3818	-0.0065	0.9850	0.2855	0.4163	-0.0181	0.9575
	(0.3574)		(0.3491)		(0.3575)		(0.3431)		(0.3513)		(0.3396)	
ERP system	0.4284	0.0029	0.3603	0.0110	0.2151	0.1300	0.3608	0.0081	0.1517	0.2828	0.3269	0.0166
	(0.1420)		(0.1403)		(0.1421)		(0.1364)		(0.1412)		(0.1365)	
Market competition	0.2956	0.0000	0.2678	0.0000	0.1771	0.0032	0.2381	0.0000	0.1501	0.0120	0.2252	0.0001
	(0.0600)		(0.0594)		(0.0601)		(0.0577)		(0.0598)		(0.0578)	
Market evolution	0.1535	0.0157	0.1430	0.0226	0.1378	0.0287	0.0841	0.1644	0.1208	0.0539	0.0846	0.1626
	(0.0630)		(0.0623)		(0.0630)		(0.0605)		(0.0627)		(0.0606)	
Industry dummies	YES		YES		YES		YES		YES		YES	
Geographical area dummies	YES		YES		YES		YES		YES		YES	
Intercept	-1.7219	0.0310	-1.5063	0.0544	-1-1554	0.1453	-1.2399	0.1034	-1.0328	0.1875	-1.0721	0.1569
	(0.7931)		(0.7786)		(0.7933)		(0.7614)		(0.7835)		(0.7574)	
N	237		237		237		273		237		237	
ll	-285.8959		-279.0790		-591.2596		-591.2596		-583.9181		-583.9181	
r2_p	0.2635		0.2979		0.2452		0.3200		0.2717		0.3346	

Observing Table 7, we can affirm that the TMT organizational configuration matters in exploiting opportunities. Indeed, Model 2 shows that integrated TMTs and incentive based TMTs have a positive and significant relation with opportunity exploitation in general. Consequently, we can suppose that delegating decision authority to the TMT members favor opportunity exploitation, maybe because the autonomy and trust provided induce them to identify and propose a higher amount of

opportunities, so increasing the number of those that can be subsequently exploited. However, the effect is more significant for the first configuration (with also a higher coefficient). This means that organizing the TMT relying on the use of informal coordination mechanisms rather than incentives better favor the exploitation of opportunities.

A similar results is found analyzing the exploitation of opportunities related to change opportunities (i.e., changes in the organization (structure and work), and new ways to manage HR and accounting and finance). Model 4 testifies that, in case of this specific type of opportunities, only the integrated TMT configuration matter, with a positive and significant effect at 99%. On the contrary, we do not find any significant effect of being organized basing on incentives. Model 4 also provides information about the exploitation of innovation opportunities (i.e., new products and services, new production technologies, entry into new markets, and new ways to manage R&D). In this case, as for opportunity exploitation in general, both TMT organizational configurations matter, with a positive and significant effect.

Following these considerations, we can affirm that, consistently with the preliminary analysis based on Sheffe post-hoc tests (see Table 5 and 6), there is equi-finality between integrated TMT and incentive based TMT configurations when considering opportunity exploitation in general and innovation opportunities in specific. On the contrary, only the integrated TMT configuration has a significant effect on opportunities related to change opportunities.

Observing control variables, it appears that only few aspects are relevant for opportunity exploitation and not for all the types of opportunities. First, firm size does not matter for innovation opportunities, while it is relevant for the other types of opportunity. Moreover, this still holds when including configurations in the model only in case of change opportunities, meaning that, independently from the type of TMT configuration adopted, the bigger is the firm, the higher is the number of change opportunities exploited by the firm. A similar effect is found for the adoption of the matrix organizational structure. However, in this case, being organized as a matrix positively relates to opportunity exploitation in general (only in case we do not consider configurations) and on innovation opportunities. Independently from the adopted TMT configurations, being organized as a matrix helps in exploiting a higher number of innovation opportunities. This can be explained by the fact that adopting the matrix organizational structure means to be more focused on products' and markets' needs, consequently, thanks to this specific focus, it is reasonable to think that a higher number of opportunities related to processes, products and markets can be exploited (i.e., innovation opportunities); other types of structures do not matter in opportunity exploitation. Innovation opportunity are also negatively related to the age of the firm, meaning that the more the firm is old, the more it is stable and inert, and the more is difficult for it to change its processes, products and

markets. In addition, also being a subsidiary of a foreign firm negatively relates to opportunity exploitation, both in general and specific.

Second, for what concern the characteristics of the CEO, only CEO tenure and CEO decision power are associated with opportunity exploitation. In particular, the higher is the tenure of the CEO, the lower is the exploitation of change opportunities, meaning that a person who is in charge of leading a firm since a high number of years will be more inert and less willing to change its organization. Contrarily, a different effect is found for CEO decision power, which is positively related with opportunity exploitation in general and change opportunities; however, this results holds only in case we do not include TMT configurations in the models.

Lastly, innovation opportunities are also related to the adoption of an ERP system, which is also positively associated with opportunity exploitation in general. Change opportunities are instead positively related with the increase in the market competition and rapidity of evolution, which are also related in a positive way with opportunities in general.

CONCLUSIONS

In this paper, we studied whether the organization of the TMT is associated with the level of opportunity exploitation of the firm. Specifically, first, we adopted a configurational approach, identifying different TMT organizational configuration as the combination of different organizational elements (i.e., TMT delegation, TMT incentives, TMT coordination, TMT communication, TMT size, and TMT formalization). Second, we found that these configurations are differently associated with opportunity exploitation, considering both opportunities in general and two specific types of opportunities (i.e., change opportunities and innovation opportunities). In particular, we demonstrated that when the TMT is organized basing on an integrated TMT or an incentive based TMT configuration, firms' exploit a higher number of opportunities. These two configurations are indeed equi-final in the association with opportunity exploitation in general and innovation opportunities. Differently, only the integrated TMT configuration is associated with change opportunities. Results are confirmed by the robustness checks we performed.

In so doing, we filled the existing gap in the opportunity exploitation literature. Indeed, until now this literature has disregarded the role of the organizational elements, with the only exceptions of Foss and colleagues (2013, 2014). Moreover, these elements have been studied in isolation and at the general firm level, without taking into account the role of the TMT. However, with our work, we contribute, not only to the opportunity exploitation literature, but also to the literature on TMT, showing that the organizational elements cluster in different configurations that are associated with

opportunity exploitation, and to the organizational configuration literature, identifying configurations at the TMT level, which has been disregarded by this stream of literature.

Our work also has some managerial implications. Indeed, we advise CEOs on how to organize their TMT to exploit opportunities, because TMT organization is easier to change compared to firm's overall organization and it is directly manageable by the CEO. First, they had to consider the interplay that exists among the key TMT organizational design elements. Second, being integrated TMT and incentive based TMT equi-final means that there are different ways of organizing the TMT that are associated with the same result in terms of opportunity exploitation. This makes it easier for CEOs to align their TMT, allowing to minimize the changes to implement (i.e., basing on the actual characteristics of the TMT, the CEO can choose to change its organization towards the closest one).

In interpreting results, limitations have to be kept in mind. First, despite we deeply motivated them, we focus on some specific organizational elements. It might be that other factors matter in exploiting opportunities (e.g., behavioral elements). Second, despite we performed several robustness checks, there might be other confounding factors affecting results. Third, our database focuses on a single country, which is Italy. Consequently, a problem of generalizability of the results emerges. This limitations give rise to directions for further research and we hope out work will be of inspiration for researchers to go deeper in the study of how the characteristics and organization of the TMT influence opportunity exploitation. For instance, it would be interesting to study whether this relation depends on CEO's individual traits. At the same time, it would be intriguing to understand what are the boundary conditions for this relation, searching for some moderating factors (e.g., the level of trust within the TMT). Lastly, it would be relevant to study how TMT configurations affect performance.

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