Kimberly A. Whitler, Ryan Krause, & Donald R. Lehmann

When and How Board Members with Marketing Experience Facilitate Firm Growth

Scholars have expressed concern that marketing's influence at the strategic levels of the firm is waning. Consistent with this view, only 2.6% of firms' board members have marketing experience. The authors suggest that this is short-sighted and that including more marketing-experienced board members (MEBMs) will increase firm growth by (1) helping firms prioritize growth as a strategic objective and (2) contributing their expertise to improve the effectiveness of revenue growth strategies. Drawing on the behavioral model of corporate governance, the authors develop a theoretical framework explicating the situational, dispositional, and structural influence moderators that alter the impact of MEBMs on firm growth. Using 64,086 director biographies from S&P 1500 firms, the authors find that MEBMs positively affect firm-level revenue growth and that this relationship is strengthened or weakened by important contingencies that occur in the firm. The findings suggest that the common practice of not including experienced marketers on boards of directors puts firms at a competitive disadvantage.

Keywords: marketing-experienced board member, chief of marketing, board of directors, revenue growth, board diversity, upper echelons

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For some time, scholars have debated the strategic role of marketing, with some fearing that marketers' influence is dwindling among strategic decision makers (e.g., Verhoef and Leeflang 2009; Webster, Malter, and Ganesan 2005). Despite noteworthy research on chief marketing officer (CMO) presence in top management teams (TMTs; e.g., Germann, Ebbes, and Grewal 2015; Nath and Mahajan 2008), this debate has progressed largely without explicit consideration of marketing's involvement at the apex of the firm—namely, the board of directors. Indeed, boards themselves seem to believe that having marketing-experienced board members (MEBMs) is unnecessary. A recent study found that of the 9,800 board seats in *Fortune* 1000 companies, only 38—less than half of 1%—were held by *active* marketing leaders (Daum and Welch 2013).[1] In addition, a survey of board members revealed that only 4% believed that marketing experience was important for a board member to have (National Association of Corporate Directors 2011). Boards' opinions notwithstanding, there remains a paucity of theoretical or empirical investigation into whether MEBMs have any effect on firm outcomes—and therefore, whether they matter.

One critical firm outcome has thus far failed to show any definitive connection to marketing in the upper echelons of the firm: revenue growth. Recent studies have found that CMOs in the TMT have no effect on revenue growth (Germann, Ebbes, and Grewal 2015). This is puzzling given that marketers are trained to drive revenue (e.g., Accenture 2018; Katsikeas et al. 2016) and that upper echelons theory suggests that firm outcomes will reflect executive training (see Finkelstein, Hambrick, and Cannella 2009).

One possible explanation may be that the TMT is not the appropriate level to assess the relationship between upper echelons marketers and firm revenue growth. We posit that the board of directors offers a more fruitful context because while TMTs are responsible for formulating strategy given a set of objectives, they do not determine the objectives. Furthermore, Germann, Ebbes, and Grewal (2015, p. 12) state that revenue growth is not appropriate when examining CMO presence in the TMT because "firms in the same industry may differ in their … objectives (e.g., one may emphasize profitability and the other may stress growth)," leading to heterogeneity of growth prioritization across firms. To drive growth, a firm must prioritize growth in its objectives, and it is the board—not the TMT—that sets these goals (McNulty and Pettigrew 1999).

By making growth a firm priority and providing demand-generation expertise on the board and TMTs, MEBMs (i.e., marketers with deep experience leading the marketing function at

[1]This percentage is not reflective of all MEBMs; the Spencer Stuart (Daum and Welch 2013) study focused only on board members who are currently CMOs. However, our data indicate that the number of board members with experience (current or past) leading the marketing function is still quite low (between 2% and 3%).

Kimberly A. Whitler is Assistant Professor, Department of Marketing, Darden School of Business, University of Virginia (email: whitlerk@darden.virginia.edu). Ryan Krause is Associate Professor, Department of Management, Entrepreneurship, and Leadership, Neeley School of Business, Texas Christian University (email: r.krause@tcu.edu). Donald R. Lehmann is George E. Warren Professor of Business and Chair of the Marketing Department, Columbia University (email: drl2@columbia.edu). The authors thank the following people, who commented and offered helpful suggestions on earlier versions of this manuscript: Paul Farris, Mark Houston, Neil Morgan, Chris Puto, Lopo Rego, and Raj Venkatesan. Christine Moorman served as area editor for this article.

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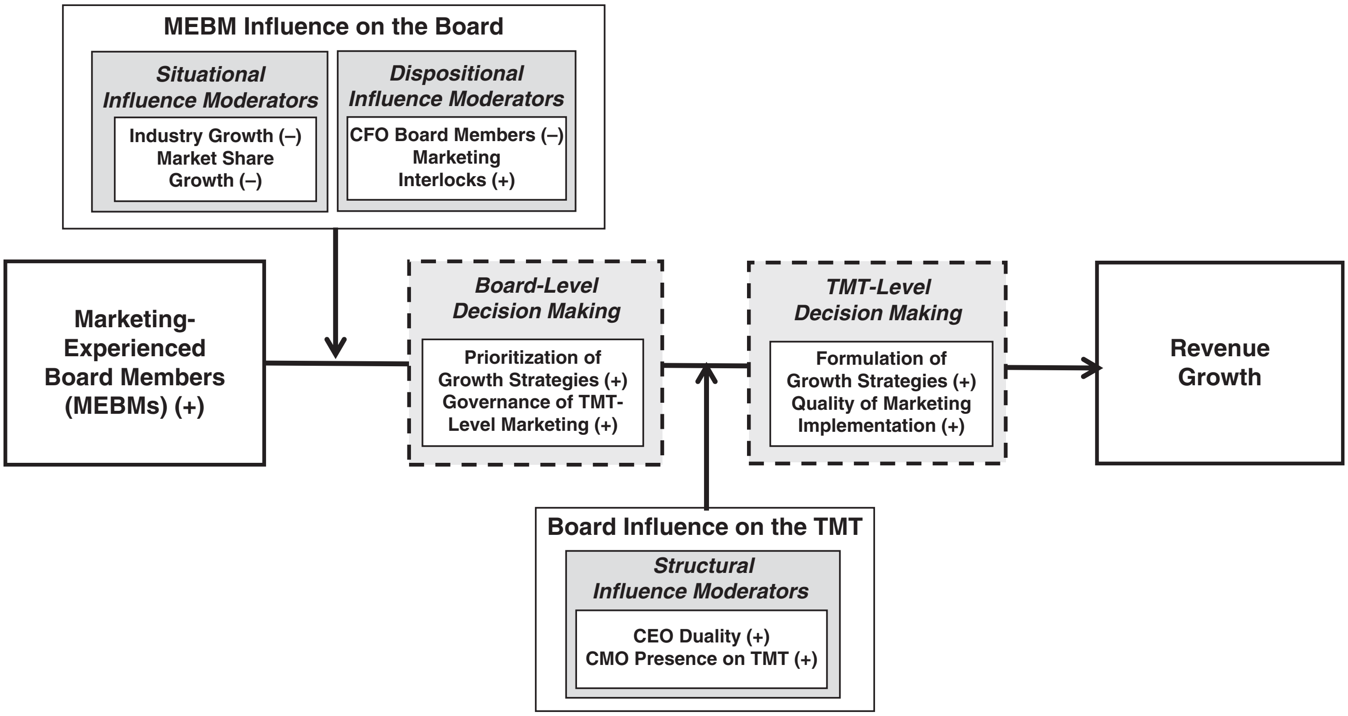
FIGURE 1
A Contingency Model of MEBM Impact



Notes: Solid lines = observable constructs and relationships; dotted lines = unobservable theorized mechanisms and relationships.

companies other than the focal firm) can help drive revenue growth. Unlike a TMT, in which an individual CMO is typically responsible for organizational processes and outcomes within his or her domain, nearly every board is a deliberative body that makes decisions collectively (Forbes and Milliken 1999). Whereas CMOs on TMTs usually enjoy a certain degree of autonomy within their domain of responsibility, MEBMs—if one is even present—may possess little to no voice in board deliberations because of their minority status.

We draw on the behavioral model of corporate governance (Westphal and Zajac 2013) to develop theory and a contingency model of MEBM impact on firm growth. Specifically, we identify three categories of moderating conditions: situational influence moderators, dispositional influence moderators, and structural influence moderators. We posit that each category of moderators can alter the influence that MEBMs have on the board or the TMT and thus can ultimately affect MEBM impact on firm outcomes (see Figure 1).

To test our model, we collected and content-analyzed 64,086 board member biographies from Standard & Poor's (S&P) 1500 firms between 2007 and 2012 and identified board members with marketing experience. The evidence suggests that MEBMs are positively associated with future revenue growth, but this relationship is highly contingent. Specifically, the underlying relationship is stronger when the firm's economic circumstances demand marketing expertise (i.e., situational influence moderators), when the backgrounds and experiences of other board members reflect an appreciation of marketing knowledge (i.e., dispositional influence moderators), and when the firm's structure facilitates a stronger connection between the board and the TMT (i.e., structural influence moderators). Overall, our findings suggest that even though MEBMs have the potential to improve firm revenue growth, their ability to do so depends on the extent to which they can influence the board and the extent to which the board can influence the TMT (Finkelstein, Hambrick, and Cannella 2009).

This research contributes to theory and practice in three ways. First, by introducing a new level of the firm (i.e., the board of directors) to investigate and developing a theory-based contingency model of MEBM impact on firm growth, this research contributes to the literature that examines marketing in the upper echelons of the firm. The absence of research in the marketing literature regarding boards of directors may suggest that scholars do not view the board as playing a major role in marketing and that marketing expertise at the board level has no incremental impact on firm outcomes. This research contributes to the substantive domain of marketing by challenging this view and elaborating on the unique demand-generating expertise that MEBMs bring to the boardroom. We empirically demonstrate that marketing experience at the board level affects growth, even though CMO presence on the TMT does not.

Second, we contribute to upper echelons theory and the behavioral perspective on corporate governance. Specifically, our model identifies new contingencies that influence MEBM impact and provides a framework for studying other types of minority board members. By integrating the upper echelons research in marketing (e.g., Germann, Ebbes, and Grewal 2015) with existing theory and research in corporate governance (e.g., Westphal and Zajac 2013), we extend theory on how minority voices on the board can affect the firm.

Third, this study contributes to practice by confronting and countering the current belief that marketing experience at the board level does not create value, and we provide evidence that should compel boards to reconsider their demonstrated reluctance to include marketers. With less than .5% of board positions held by active CMOs (Daum and Welch 2013), the lack of marketing representation on boards impairs firms' ability to tackle demand-side problems, even though boards and chief executive officers (CEOs) consider growth generation among their most challenging priorities (e.g., Gartner 2018; Groysberg and Bell 2012). This contradiction suggests that boards fail to see a connection between their lack of marketing experience and their inability to address marketing-related growth challenges. Our research is the first to suggest and demonstrate such a connection.

Theory and Hypotheses

How MEBMs Affect the Firm

Upper echelons theory suggests that the characteristics of a firm's top leaders influence the firm's strategic decisions and outcomes (Hambrick and Mason 1984). The backgrounds and experiences of firm leaders create the lens through which they view business challenges and determine the tools used to solve them (Dearborn and Simon 1958). As McDonald, Westphal, and Graebner (2008, p. 1162) observe, "experience is a critical contributor to the kind of extensive knowledge base that marks relatively high levels of expertise, and that supports high quality decision making."

If functional experience endows board members with unique perspective and skill, what incremental contribution does marketing expertise provide at the board level beyond other functional experience? Output function (e.g., sales, marketing) training emphasizes the identification of demand-increasing opportunities, though output-trained executives are rarely included on boards (e.g., Chakravarty and Grewal 2016; Hambrick and Mason 1984). Marketers are trained and incentivized throughout their careers to prioritize growth in their strategies, and CEOs hold marketers primarily accountable for driving revenue growth (e.g., Accenture 2018). As such, CMOs frequently indicate that revenue growth is one of their top priorities (e.g., Fleit and Morel-Curran 2012; Spencer Stuart 2010).

In contrast to this output orientation, throughput functions (e.g., operations, accounting, finance, legal, administration), which dominate board membership, tend to be inwardly focused. They aim to improve the organization's efficiency (e.g., Barker and Mueller 2002; Hambrick and Mason 1984) and drive profit through the rationalization of "production or delivery of product/services"—in other words, cost-cutting measures (see Hambrick 1981, p. 305). While marketers are also concerned with costs, their unique training and expertise relative to throughput functions provides them with the ability to acquire and convert external product/market insight (Moorman and Rust 1999) into greater output—in short, growth (Doyle 2008; Hambrick 1981). This output-oriented perspective can augment the throughput functions that dominate boards and potentially influence board-level deliberations and decision making regarding firm-level strategic prioritization. Consequently, the marketing experience and training inherent to MEBMs make them more likely to advocate for firm goals, objectives, and strategies that prioritize growth.

Steering the firm's objectives and strategies toward growth, however, is not the only way that MEBMs can influence growth: they can also help boards make more effective growth-related decisions by injecting their demand-generating expertise into board decisions, governance of the firm's marketing function, and advice to the TMT. While each function contributes to the value of the firm, marketers are unique in that they serve as the primary interface between the firm and the customer (Moorman and Rust 1999), helping deliver superior products, services, and experiences that affect customer behavior (e.g., McAlister et al. 2016). Changing customer behavior relates directly to revenue growth because it involves winning new customers for the firm's products, generating more sales, enhancing loyalty, or inducing existing customers to pay higher prices. Given their expertise in customer behavior, MEBMs can provide better marketing-related advice and guidance to the board and the TMT, thus ensuring that the strategies advocated, developed, and implemented can potentially increase demand for a firm's products or services (Keiningham et al. 2007; Tuli, Bharadwaj, and Kohli 2010). Moreover, MEBMs can discern how effectively the firm's marketing apparatus is executing the chosen strategies.

How does MEBM prioritization of and expertise in growing demand translate into board and TMT prioritization of and expertise in growing top-line revenue? The mechanism can be understood by comparing the impact the board would have if marketers were included versus excluded. The board of directors is both a governance body and a strategic body, setting and enforcing goals on the one hand and advising the TMT as to how to pursue those goals on the other hand (Finkelstein, Hambrick, and Cannella 2009). These responsibilities are not merely theoretical; they are prescribed by law (American Bar Association Committee on Corporate Laws 2007). Thus, the board of directors both *governs* and *advises* the firm's marketing function regardless of whether marketers are present or absent. A board composed primarily of throughput- and compliance-oriented directors still sets the priorities for, governs, and serves in an advisory capacity for the execution of a firm's marketing strategy. If MEBMs are absent from the process, priorities are likely to focus on cost-cutting rather than growth-oriented strategies, and advice is likely to focus on increasing efficiency rather than changing customer behavior. Such differences in prioritization and counsel can lead to differences in growth.

As subject matter experts, marketers can fundamentally change the governance, prioritization, and counsel related to growth-enhancing strategies through their presence and influence on the board of directors. All else being equal, then, boards should look to their experienced marketing colleagues to address and provide sound strategy regarding marketing issues. If marketing expertise is needed, the MEBM is the natural choice to interact with the firm's CMO. If there is no marketing presence at the board level, at best, marketing issues are likely to be ignored; at worst, marketing issues may be governed by ill-equipped compliance-oriented directors. Research has shown that firms perform poorly in areas in which their board members have limited expertise (McDonald, Westphal, and Graebner 2008). At the very least, MEBM inclusion would alleviate this problem and, going a step further, the marketer would likely contribute by prioritizing growth and providing advice on related implementation issues.

Thus, MEBM expertise will influence firm growth more so than if no MEBM is present. When the board prioritizes growth and engages in better governance of the marketing function, the TMT is more likely to prioritize growth, make better marketing decisions, and take informed action on the basis of the advice, guidance, and monitoring roles of the board. Consequently, to the degree that (1) MEBMs influence the board and (2) the board, in turn, influences the firm's management, the prioritization of growth and the expert advice and governance related to driving growth will translate into firm decisions and actions that ultimately support revenue growth.

H_1: MEBMs on the board of directors are positively associated with firm revenue growth.

A Contingency Model of MEBM Impact on Firm Growth

There is no guarantee that the board and TMT will accept or adopt MEBM counsel, however (Jackson 1992). Marketers remain a minority function on boards, with most boards having only one MEBM, if any. This minority status requires that the balance of the board, as well as the TMT, must be receptive to and adopt MEBM input if the firm is to benefit from this member's knowledge. To understand when MEBM presence is likely to translate into firm growth, we draw on the behavioral theory of corporate governance, which suggests that board members operate within a set of social relationships, norms, expectations, and rules that influence their behavior and decisions and, ultimately, firm outcomes (Westphal and Zajac 2013). The behavioral theory of corporate governance recognizes that boards are socially situated (i.e., influenced by their surroundings) and socially constituted (i.e., influenced by their prior socialization and experience), and as such, their behavior changes according to social and psychological factors.[2] Thus, a firm's board and TMT are likely to respond to MEBM input differently on the basis of their current circumstances and prior experiences.

Integrating and augmenting existing research in behavioral corporate governance, we identify three categories of factors that moderate MEBM influence: situational, dispositional, and structural factors. The first two categories affect the degree to which MEBMs can influence the board, and the third category affects the degree to which the board can influence the TMT.

The first category of moderators focuses on situational factors that make marketing expertise particularly salient and necessary in board decision making. Research has shown that people tend to seek advice from similar individuals and avoid seeking advice from different, or out-group, individuals (e.g., McDonald and Westphal 2013; Mullin and Hogg 1999). However, when circumstances warrant specific out-group expertise, people relax their in-group bias and consider the input of out-group experts (e.g., Hogg 2016). Thus, there are situational factors that can prompt non-MEBMs to see value in adopting MEBM advice and guidance.

The second category comprises dispositional factors of the board. Regardless of whether a firm's immediate circumstances warrant it, some board members will generally be more disposed to appreciate marketing expertise based on socially constituted experience. The more board members who share a different worldview or general antipathy toward marketing, the more challenging it will be for MEBMs to influence decisions (Westphal and Milton 2000). In contrast to temporary situational factors, dispositional factors are endemic to board members themselves, as disposition is associated with an individual's social experience and background and significantly influences one's orientation and behavior (Zhu and Westphal 2014).

Structural factors are the final set of contingencies that can alter MEBM influence. Decisions made at the board level will be effective only if the TMT adopts and implements them. Even if MEBMs influence their colleagues, this may not generate positive firm outcomes if the TMT ignores their advice and guidance (Lee and Puranam 2016). Some TMTs implement board decisions faithfully and effectively; others do not. Thus, structural factors can increase the board's influence over the TMT, which should strengthen MEBM impact on revenue growth. Next, we identify and develop hypotheses about specific situational, dispositional, and structural conditions under which MEBMs are likely to be most influential and thus most impactful on firm growth.

Situational Influence Moderators

Marketers are skilled at integrating knowledge about environmental factors (e.g., economic trends, competitive intelligence, customer insights) with a firm's internal competencies to develop demand-generating strategies (Moorman and Rust 1999). When a firm faces adverse market conditions and requires greater demand generation, marketing expertise should become more salient, and therefore more influential, relative to the throughput type of expertise that typically dominates boards.

Weak industry growth. One of the most widely studied factors that influences a firm's decision making is the rate of growth in the firm's broader industry (e.g., Feng, Morgan, and Rego 2017; Slater and Narver 1994). Firms in industries that are not growing are essentially competing over a fixed or dwindling pie, making firm-level demand growth simultaneously more important and more difficult to achieve (e.g., Srinivasan, Lilien, and Sridhar 2011). This increases the value of MEBM expertise, as weak industry-level performance increases the importance of the firm's ability to develop and manage resources that enable growth (Sirmon, Hitt, and Ireland 2007).

In contrast, when industry growth is strong, the value of MEBM expertise will diminish because, in a thriving industry, firms can more easily drive growth without competing directly for a stagnant or fixed pool of resources, channel partners, or customers (Dwyer and Oh 1987). A firm competing in a growing industry faces less competitive intensity and therefore less immediate need for marketing expertise, because demand is abundant (Kohli and Jaworski 1990). Consequently, MEBMs will wield greater influence when industry growth is slow because

[2]Socially situated agency "refers to the relevance of a corporate leader's social surroundings in understanding his/her actions" (Westphal and Zajac 2013, p. 610), whereas socially constituted agency is the notion that the things "an individual senses, considers, and acts upon … are based on prior socialization and other personal experiences or characteristics" (Westphal and Zajac 2013, p. 624).

their training in identifying customer preferences, ability to generate insights about the broader market, and experience in driving demand will be more salient (Barker and Mueller 2002).

H_2: The positive relationship between MEBMs and revenue growth is stronger when industry growth is low.

Weak market share growth. Weak market share growth, or even decline, can also affect firms' strategic needs. Although market share is a frequently studied marketing outcome, its trajectory is also an important situational condition that affects the degree to which the rest of the board values MEBM counsel and, consequently, the degree to which MEBMs influence board decision making. This is because board members contribute the greatest value when the firm's prior performance on strategies that fall within board members' specific areas of expertise fail to produce satisfactory results (Krause, Semadeni, and Cannella 2013). When a firm experiences weak market share performance, MEBMs, with their training and experience in demand generation, are more likely to be called on to assess the firm's growth strategies, help identify why the firm is failing to perform, and provide guidance (and possibly even disciplinary action) to the firm's marketing leader. The ability of MEBMs to govern and advise the marketing function more effectively than their non-MEBM counterparts will have greater impact when the marketing function's prior performance warrants stricter oversight (e.g., Kor and Sundaramurthy 2009).[3] We therefore expect that MEBM advice is more likely sought and adopted when market share growth is weak.

H_3: The positive relationship between MEBMs and firm growth is stronger when the firm's market share growth is weak.

Dispositional Influence Moderators

Another significant barrier to (or facilitator of) MEBM influence is the preexisting dispositional orientation of the other board members. Because boards comprise experts with different personal backgrounds and social experiences, the dispositional orientation these nonmarketing experts bring to the board can affect the degree to which MEBM counsel is respected and accepted.

Chief financial officer (CFO) board members. Of the functions commonly represented on boards, we posit that members with finance backgrounds are more likely to resist MEBM counsel because marketing and finance represent different "thought worlds," have different orientations (i.e., marketing is output-oriented and finance throughput-oriented), and often serve conflicting organizational goals (e.g., Dougherty 1992). Recent TMT research has suggested that the CMO and CFO are often the least aligned, particularly with regard to the firm's financial and marketing priorities (eMarketer 2014). Such differences can lead to friction and strategic disagreements.

Chief financial officer experience involves overseeing a firm's treasury, tax, auditing, financial reporting, and investor relations (e.g., Favaro 2001). At the board level, this translates into an inward-facing risk management perspective focused on satisfying the regulatory and fiduciary responsibilities of the board while trying to enhance firm performance through value appropriation, or the extraction of profits (Mizik and Jacobson 2003). In contrast, marketing experience involves converting external market, consumer, and competitor information into demand-generating programs (Moorman and Rust 1999). At the board level, the output-oriented, externally facing perspective the MEBM brings can help provide the necessary human capital for growth generation (Vandenbroucke, Knockaert, and Ucbasaran 2016).

Given their differences, we posit that CFO board members will be less receptive to MEBM advice. Thus, as the number of CFO board members increases, commensurate in-group preferences (or biases) in decision making become more likely (e.g., Westphal and Zajac 1995), and the minority voice of MEBMs will be marginalized, if not drowned out altogether.

H_4: The positive relationship between MEBMs and revenue growth is stronger when the number of CFO board members is lower.

Marketing interlocks. In addition to board members' functional backgrounds, their social and professional connections can also affect their disposition toward minority voices on the board (Zhu and Westphal 2014). For example, when a board member at one firm sits on the board of another firm, it creates a connection known as a "board interlock" (Mizruchi 1996; Srinivasan, Wuyts, and Mallapragada 2018). Interlocks have been shown to act as conduits for information and best practices, transmitting strategic ideas across a boarder network and from firm to firm (e.g., Westphal, Seidel, and Stewart 2001). Board interlocks can also expose board members to a larger pool of social connections, thus broadening their horizons and potentially making them more open to and accepting of different viewpoints (e.g., Westphal and Milton 2000).

We posit that nonmarketing board members who are exposed to MEBMs on one board are more likely to listen to their marketing colleagues on another board because exposure to minority viewpoints makes people more accepting of such voices (e.g., Pettigrew and Tropp 2008). For example, Zhu and Westphal (2014) find that CEOs are more amenable to new board members who are demographically *dissimilar* if the board member has experience dealing with a CEO who is demographically *similar* to the focal CEO. If exposure to MEBMs on one board is likely to make a nonmarketing board member more positively disposed to MEBMs on another board, we expect the number of interlocks to boards with MEBM, or "marketing interlocks," among a focal board's members to make the overall board more amenable to MEBM influence.

H_5: The positive relationship between MEBMs and revenue growth is stronger when marketing interlocks are high.

Structural Influence Moderators

The impact of MEBMs on firm outcomes is limited not only by their influence within the board but also by the board's influence over the TMT responsible for executing firm strategy (Finkelstein, Hambrick, and Cannella 2009). While boards can

[3]While it could be argued that market share growth provides the firm with slack, which might make non-MEBMs on the board more willing to listen to MEBMs, such an argument is inconsistent with extant theory in the behavioral view of corporate governance and more general theory on homophily from social psychology. As such, although the slack proposition may be plausible, the theory that informs our contingency model does not support it.

approve strategies and provide advice and counsel, implementation is contingent on TMT alignment. If the board as a whole has less influence over the TMT, it will be more challenging to convert board-level marketing advice into firm-level action, which in turn reduces the board's ability to affect revenue growth.

CEO duality. A key factor associated with the board's influence over the TMT is CEO duality—that is, when the firm's CEO is also the board chair (Krause, Semadeni, and Cannella 2014). Some corporate governance scholars have argued that the CEO and board chair positions should be separate because an independent board chair can more effectively monitor the CEO for opportunistic behavior (e.g., Fama and Jensen 1983). However, others adopt an organization theory–based view that CEO duality facilitates communication between the board and the TMT by uniting them under a single leader (e.g., Lorsch and Zelleke 2005) and establishes clear lines of authority and responsibility within a firm, thus enabling more effective strategy implementation (Dalton, Hitt, Certo, and Dalton 2007).

Recent research has suggested that a board chair who is not the CEO often acts as a buffer between the CEO and the rest of the board, protecting the CEO from what (s)he may view as too much board interference in TMT decision making (e.g., Krause 2017; Lorsch and Zelleke 2005). In contrast, when the CEO is also the board chair, the (s)he is more likely to view board deliberations as valuable input to TMT decision making rather than as an unwelcome burden. Several firms have reported to shareholders that board–TMT communication and alignment are the reasons they chose to combine the CEO and chair positions (e.g., Colgate-Palmolive 2012; Kraft Foods 2012).

The communication issue is particularly salient in the marketing context. At firms without CEO duality, MEBMs need to transmit their expertise and advice through a non-CEO board chair who typically has no marketing experience, making it more challenging for him or her to accurately communicate the MEBM's ideas to the TMT. Thus, we argue that the increased clarity, authority, and efficiency associated with CEO duality will help ensure that decisions made at the board level are carried to the TMT and effectively implemented throughout the firm, increasing MEBM influence on the TMT.

> H_6: The positive relationship between MEBMs and revenue growth is stronger when the CEO is also the board chair.

CMO presence in the TMT. The most commonly studied structural factor in the literature on marketing in the upper echelons of the firm is CMO presence in the TMT (e.g., Germann, Ebbes, and Grewal 2015). Inclusion of CMOs in the TMT gives the marketing department a more powerful voice in strategic decision making (Feng, Morgan, and Rego 2015). Research on strategy implementation has shown that performance suffers when strategy formulators and strategy implementers do not share a common understanding (e.g., Lee and Puranam 2016). Even if the board seeks out and/or listens to MEBM input, unless the TMT understands and accepts the board's decisions, MEBMs are unlikely to have much impact on the activities that affect firm growth. Thus, having a CMO on the TMT should increase the likelihood that MBEMs' advice and guidance will find a receptive audience in the TMT. The firm's CMO has minimal influence over whether the firm ultimately prioritizes growth (Germann, Ebbes, and Grewal 2015); however, if the firm does choose to prioritize growth as a result of the presence of MEBMs, a TMT that includes a CMO should be able to execute growth objectives more effectively than a TMT that does not. In addition, when there is a CMO on the TMT, it is more likely that the board will invite this person to present at board meetings because of his or her proximity and increased status. This also makes it easier for boards to hold CMOs accountable for marketing outcomes. In short, the combination of MEBM presence and a CMO on the TMT further increases the likelihood that the firm will effectively implement MEBM advice.

> H_7: The positive relationship between MEBMs and revenue growth is stronger when a CMO is on the TMT.

Method

Sample and Data Sources

The U.S. Securities and Exchange Commission requires every publicly traded U.S. company to file a Form DEF 14A (proxy statement) before its annual shareholder vote. Each nominated director is required by law to be listed in the proxy statement along with all material company relationships and prior positions, including prior functional experience, company experience, and titles (see Web Appendix A). To ensure accuracy, we manually collected board member biographies from the proxy statement for every firm consistently listed in the S&P 1500 for the six-year period from 2007 through 2012. This yielded 64,086 annual biographies for a total of 12,106 board members across 1,091 firms. We aggregated board member information at the firm-year level. Our final sample consisted of 1,091 firms and 6,213 firm-year observations. We obtained all other data related to boards (e.g., income, age, gender, stock ownership, external board positions) from the Institutional Shareholder Services (ISS) and Corporate Library databases. We obtained firm-level and industry-level financial data from Compustat.

Measures

Dependent variable. Table 1 provides a list of all measures and their descriptions. Unless otherwise indicated, we calculate all predictor variables in year t to maintain causal priority. Our dependent variable is annual revenue growth—that is, the percentage change in annual firm revenues from year t to year t + 1 (Keiningham et al. 2007; Nath and Mahajan 2008). We multiplied this and all other percentage variables by 100 (i.e., converted to percentage points) to aid interpretation of the coefficients.

Independent variable. Our independent variable is the firm-year number of board members with executive-level marketing experience. Consistent with upper echelons research, we relied on specific job titles indicative of executive-level marketing experience (e.g., Nath and Mahajan 2008). These titles (allowing for differences in capitalization, word order, and abbreviation) were chief marketing officer, chief sales officer, vice president of marketing, and vice president

TABLE 1
Variable Descriptions

Variable Name	Description	Source
Revenue growth_{t+1}	Year-over-year percentage change in annual firm revenues	Compustat
MEBM_t	Number of board members with executive-level marketing experience (exclusive of the focal firm's CEO and CMO)	Biographies in DEF 14A proxy statements, obtained from SEC EDGAR
Industry growth_t	Year-over-year percentage change in total industry revenues (four-digit SIC code)	Compustat
Market share growth_t	Year-over-year change in firm share of total industry revenues (four-digit SIC code)	Compustat
CFO board members_t	Number of board members with CFO experience (exclusive of the focal firm's CEO and CFO)	Biographies in DEF 14A proxy statements from SEC EDGAR database
Marketing interlocks	Mean number of marketing interlocks per board member	Biographies in DEF 14A proxy statements from SEC EDGAR; interlocks identified using ISS
CEO duality_t	CEO also holds title of board chair = 1, CEO and board chair are separate = 0	MSCI database
CMO on TMT_t	CMO listed among TMT = 1, CMO not listed among TMT = 0	Execucomp
Mean board tenure_t	Mean number of years each board member has served on the focal board	ISS database
Mean stock ownership_t	Mean percentage of outstanding shares of focal firm stock owned by each board member	ISS database
Mean board seats_t	Mean number of total board seats (outside the focal firm) held by each board member	ISS database
Female percentage_t	Percentage of female board members	ISS database
CEO marketing experience_t	CEO has CMO experience = 1, CEO has no CMO experience = 0	Biographies in DEF 14A proxy statements from SEC EDGAR; CEOs identified using ISS
Advertising intensity_t	Percentage of annual firm revenues spent on advertising	Compustat
R&D intensity_t	Percentage of annual firm revenues spent on R&D	Compustat
CMO on TMT_t	CMO listed among TMT = 1, CMO not listed among TMT = 0	Execucomp
Board size_t	Total number of board members	ISS database
Firm size_t	Number of employees (thousands)	Compustat
Acquisition_{t+1}	Annual firm revenues contributed by acquisition	Compustat
Peer firm mean CMO board members_t	Mean number of CMO board members for all firms in the focal firm's industry	ISS database
Mean board age_t	Mean age of board members	ISS database
Tobin's q_{t+1}	(Market value of equity + total capital preferred stock + total long-term debt + total inventories + total current liabilities – total current assets) / total assets	Compustat
TSR_{t+1}	Year-over-year percentage change in the market value of equity (including dividends)	Compustat
ROA_{t+1}	Operating income/total assets	Compustat

Notes: All percentages are multiplied by 100 to aid interpretation.

of sales. Our search allowed for additional qualifiers (e.g., *executive* vice president, *senior* vice president), additional domains (e.g., chief marketing and merchandising officer), and word-order sequences (e.g., chief merchandising and marketing officer). We considered board members to be MEBMs if they held one of these titles at any point in their career biography, regardless of any other type of experience they might also have. Our analysis revealed that 2.6% of directors had marketing experience; however, MEBMs are distributed fairly widely across boards, with 16% of boards having at least one MEBM during the 2007–2012 study period.

Using the content analysis, we counted the number of MEBMs on each board in each year. We excluded the CEO because CEO functional experience has been shown to exhibit significant independent effects on firm outcomes (Barker and Mueller 2002); instead, we include it as a separate control variable. We also excluded the two CMOs in our sample who were concurrently serving on their home firm's board, so as not to confound the variable with the internal value these CMOs might contribute as members of the TMT (Germann, Ebbes, and Grewal 2015).

Moderator variables. Our analysis includes six moderator variables: two situational influence moderators, two dispositional influence moderators, and two structural influence moderators. We measured industry growth as the annual percentage change in total industry revenues from year t – 1 to year t, with industry categorized at the four-digit Standard Industrial Classification (SIC) level. Market share growth is the annual change from year t – 1 to year t in the focal firm's percentage share of total industry revenues. Focusing on market share rather than raw revenue growth ensures that the measure does not incorporate industry growth.

We identified CFO board members using the same procedure used to identify MEBMs, with finance-related executive titles in place of marketing titles. Specifically, we identified board members with the titles of chief finance officer, chief financial officer, and vice president of finance, with similar allowances for variations as those used to identify MEBMs. The resulting variable is a count of the number of board members with CFO experience, not including the focal firm CEO or CFO. We calculated marketing interlocks in a manner consistent with prior interlock research. For each member of a firm's board, we tabulated the number of additional boards on which (s)he sat in the focal year when at least one MEBM was also present. Each interlocked board with MEBM was considered a single interlock, such that each board member had a count of marketing interlocks. We then summed these counts across board members for each firm-year, producing a firm-year-level count of marketing interlocks.

We measured CEO duality with a dichotomous indicator that took a value of 1 if the CEO was also the board chair in the given firm-year and a value of 0 otherwise. The variable CMO on TMT took a value of 1 if there was a CMO serving on the TMT and a value of 0 otherwise. To identify the presence of CMOs, we followed Nath and Mahajan's (2008) methodology and content-analyzed executive titles listed in Compustat's Execucomp database, counting as CMOs executives with "marketing," "sales," or "brand" in their titles, regardless of hierarchical level.

Control variables. We included several control variables to account for potential alternative explanations for our findings. First, we controlled for several board characteristics beyond functional experience. Mean board tenure is the mean number of years each director served on the focal board in the focal year. Mean stock ownership is the mean percentage of outstanding firm stock shares owned by each board member in each year. Mean board seats is the mean number of external board seats held by each board member in each year. Female percentage is the percentage of female board members in each year. All CEOs in our sample also served as board members. We identified the board members currently serving as their firms' CEOs using the ISS database and coded CEO marketing experience as 1 if the CEO in year t had CMO experience and 0 otherwise.

We also control for firm strategic expenditures that have been tied to marketing outcomes. We operationalize advertising intensity as the firm's annual advertising expenditure in year t as a percentage of total annual revenues and R&D intensity as the firm's annual research-and-development (R&D) expenditure in year t as a percentage of total annual revenues (Barker and Mueller 2002; Malshe and Agarwal 2015; Xiong and Bharadwaj 2013). Because our analyses are within-firm, we imputed missing annual values for advertising and R&D intensity by replacing the missing value with the overall firm mean. If the firm never reported these values, we replaced the missing values with 0, which has no impact on the analyses because the lack of within-firm variance would exclude the firm from calculation of the effects of these specific predictors. Robustness checks that drop these observations yielded similar results.

We measured board size as the number of directors serving on the board (Dalton et al. 1999) and firm size using the number of employees in thousands (Boyd, Chandy, and Cunha 2010). In addition, because firms have the potential to grow revenues through acquisitions as well as through organic growth, we include a control for the revenue contributions, in millions, from acquisitions in year t + 1. We use year t + 1 to align the revenue contributions from acquisitions with the revenue growth measured in the dependent variable. The purpose of this control is to account for the change in the dependent variable that is driven by acquisitions. We logged this variable before analysis because of its scale and labeled it acquisition revenue. Finally, we included year dummy variables to account for year effects (Certo and Semadeni 2006).

Modeling and Estimation

We used a two-stage Heckman model with firm-fixed effects to test our hypotheses. Controlling for firm-fixed effects is important because our sample comprises a panel of firms with multiple observations per firm (Greene 2008; Wooldridge 2010). We employ a within-firm analysis because time-invariant firm-specific heterogeneity would likely introduce omitted-variable bias in a between-firm analysis. As Germann, Ebbes, and Grewal (2015, p. 4) explain, "the identifying assumptions underlying the fixed effects model are that (1) the omitted variable(s) is (are) time invariant (i.e., the firm-specific intercept captures the omitted variable[s]) and (2) there is enough variance in the dependent variable as well as the focal endogenous variable within firms to allow estimation of its effect." In terms of the first criterion, firms with a persistent orientation, such as those

TABLE 2
Firm-Level Characteristics

Attribute	Firms with No MEBMs	Firms with At Least One MEBM	Kolmogorov–Smirnov Statistic
Revenue growth$_{t+1}$	5.2%	6.7%	$p = .02$
Board size	9.5	9.6	$p = .13$
Firm revenues (millions)	\$8,743	\$8,895	$p < .01$
Firm market value (millions)	\$10,146	\$11,050	$p = .03$
Employees (thousands)	23.5	28.6	$p < .01$

with a market orientation, may be more likely to have both MEBMs and high sales growth. Fixed-effects analysis allows us to rule out this and other such time-invariant firm attributes as potential omitted variables. With regard to the second criterion, sales growth exhibits considerable within-firm variance. In addition, almost 60% of the firms with MEBMs experienced some variance in the independent variable, providing ample within-firm variance. Finally, the Hausman test was highly significant ($\chi^2 = 1{,}053.51$, $p < .001$), indicating that random-effects models are not appropriate in this context.

Although our models account for time-invariant firm-specific heterogeneity through fixed effects and exhibit no signs of endogeneity from omitted-variable bias, it is still possible that our models are subject to selection bias. If firms add MEBMs to the board because of revenue concerns, this may bias our results. As Table 2 shows, Kolmogorov–Smirnov tests revealed that the distribution of key variables differs between firms with MEBMs and firms without MEBMs, suggesting that some selection bias may be present. Thus, we correct for selection bias by using a two-stage Heckman model to test our hypotheses. We use two exclusion restrictions. First, we adopted Germann, Ebbes, and Grewal's (2015) approach of using the average number of MEBMs at peer firms to instrument the addition of MEBMs to the focal firm. Specifically, we calculated the mean number of MEBMs within the same two-digit SIC code as the focal firm in each year. Second, we used mean board member age, as younger boards may be more likely to appoint marketers. The first- and second-stage equations that we used to test our hypotheses are as follows:

$$\begin{aligned}
&\text{First stage:}\\
&\text{MEBM Addition}_{it} = \theta_0 + \theta_1\text{Peer Firm Mean MEBM}_{it}\\
&\quad + \theta_2\text{Mean Board Age}_{it} + \theta_3\text{Industry Growth}_{it}\\
&\quad + \theta_4\text{Market Share Growth}_{it}\\
&\quad + \theta_5\text{CFO Board Members}_{it}\\
&\quad + \theta_6\text{Marketing Interlocks}_{it} + \theta_7\text{CEO Duality}_{it}\\
&\quad + \theta_8\text{CMO on TMT}_{it} + \theta_{10}\text{Mean Board Tenure}_{it}\\
&\quad + \theta_9\text{Mean Board Ownership}_{it}\\
&\quad + \theta_{11}\text{Mean Board Seats}_{it}\\
&\quad + \theta_{12}\text{Female Percentage}_{it}\\
&\quad + \theta_{13}\text{CEO Marketing Experience}_{it}\\
&\quad + \theta_{14}\text{Advertising Intensity}_{it}\\
&\quad + \theta_{15}\text{R\&D Intensity}_{it} + \theta_{16}\text{Board Size}_{it}\\
&\quad + \theta_{17}\text{Firm Size}_{it} + \theta_{18}\text{Acquisition Revenue}_{it+1}\\
&\quad + \theta_{19}\text{Year Fixed Effects}_t + \varepsilon_{it},
\end{aligned}$$

where i represents the firm, t represents the year, θ represents the probit coefficient, and ε represents the error term.

$$\begin{aligned}
\text{Second stage: Revenue Growth}_{it+1} &= \beta_0 + \beta_1\text{MEBM}_{it} + \beta_2\text{MEBM}_{it}\\
&\quad \times \text{Industry Growth}_{it} + \beta_3\text{MEBM}_{it}\\
&\quad \times \text{Market Share Growth}_{it}\\
&\quad + \beta_4\text{MEBM}_{it}\\
&\quad \times \text{CFO Board Members}_{it}\\
&\quad + \beta_5\text{MEBM}_{it}\\
&\quad \times \text{Marketing Interlocks}_{it}\\
&\quad + \beta_6\text{MEBM}_{it} \times \text{CEO Duality}_{it}\\
&\quad + \beta_7\text{MEBM}_{it} \times \text{CMO on TMT}_{it}\\
&\quad + \beta_8\text{Industry Growth}_{it}\\
&\quad + \beta_9\text{Market Share Growth}_{it}\\
&\quad + \beta_{10}\text{CFO Board Members}_{it}\\
&\quad + \beta_{11}\text{Marketing Interlocks}_{it}\\
&\quad + \beta_{12}\text{CEO Duality}_{it}\\
&\quad + \beta_{13}\text{CMO on TMT}_{it}\\
&\quad + \beta_{14}\text{Mean Board Tenure}_{it}\\
&\quad + \beta_{15}\text{Mean Board Ownership}_{it}\\
&\quad + \beta_{16}\text{Mean Board Seats}_{it}\\
&\quad + \beta_{17}\text{Female Percentage}_{it}\\
&\quad + \beta_{18}\text{CEO Marketing Experience}_{it}\\
&\quad + \beta_{19}\text{Advertising Intensity}_{it}\\
&\quad + \beta_{20}\text{R\&D Intensity}_{it}\\
&\quad + \beta_{21}\text{Board Size}_{it}\\
&\quad + \beta_{22}\text{Firm Size}_{it}\\
&\quad + \beta_{23}\text{Acquisition Revenue}_{it+1}\\
&\quad + \beta_{24}\lambda + \beta_{25}\text{Firm Fixed Effects}_i\\
&\quad + \beta_{26}\text{Year Fixed Effects}_t + \varepsilon_{it},
\end{aligned}$$

where i represents the firm, t represents the year, β represents the regression coefficient, λ represents the inverse Mills ratio produced from the first-stage equation, and ε represents the error term.

Endogeneity Check

Because 90% of boards with MEBM presence have only one such director, a two-stage least squares instrumental variables regression model is not appropriate. Nevertheless, to verify that our analytic approach appropriately accounts for the possibility of omitted-variable bias, we conducted the Durbin–Wu–Hausman test (e.g., Malshe and Agarwal 2015; Ter Braak, Dekimpe, and Geyskens 2013). We identified several instruments to test for and, if necessary, correct for endogeneity from omitted-variable bias. First, we used Germann, Ebbes, and Grewal's (2015) peer firm mean as our primary instrument. We also identified four additional upper echelons–related factors that are likely to affect the number of MEBMs: the mean director age, the number of female directors, CEO marketing experience, and CMO on TMT control variables.[4] We ran four separate two-stage least-squares instrumental variable regression models using the peer firm average instrument and each of the upper echelons–related instruments, consistent with prior research (Germann, Ebbes, and Grewal 2015). None of the first-stage equations had an F-value below 70, which is substantially higher than the recommended value of 12 for two instruments (Semadeni, Withers, and Certo 2014; Stock, Wright, and Yogo, 2002). In addition, all instruments exhibited a highly significant effect on the independent variable ($p < .001$), with the exception of CMO presence in the TMT. Therefore, we conclude that all instruments except CMO presence in the TMT are strong. We ran three two-stage least-squares instrumental variable regression models, again using Germann, Ebbes, and Grewal's (2015) peer firm instrument and each of the three strong upper echelon–related instruments. None of these three models exhibited a significant Sargan value, suggesting that all instruments are exogenous (see Malshe and Agarwal 2015).

The Durbin–Wu–Hausman test indicates the presence or absence of endogeneity (Larcker and Rusticus 2010; Semadeni, Withers, and Certo 2014). We specified a two-stage-least-squares instrumental variable model that included all four valid instruments. The Durbin–Wu–Hausman statistic was far from significant ($p = .77$), indicating no evidence of endogeneity. We specified three additional models using combinations of two of the instruments, and the resulting statistics were also nonsignificant. Semadeni, Withers, and Certo (2014) indicate that if instrumental variable methods are used when endogeneity is not present, the confidence intervals will capture the true regression coefficient but will almost never exclude 0. This was the case with our models, and we interpret this as a sign of Type II error. Therefore, we conclude that corrections for omitted-variable bias are not needed and would be detrimental to our analyses.

Results

Descriptive Results

Given the absence of prior research on MEBMs, we begin by exploring how MEBMs differ from other directors. In our sample, although more than 16% of boards had at least one MEBM, only 2.6% of all board members had marketing experience. Among the firms with at least one MEBM, 90% had one MEBM, 9% had two, and less than 1% had three. We found that MEBMs tended to be younger and were more frequently female. They also had shorter board tenure and owned less stock in the company. However, they tended to sit on more boards of other firms than their nonmarketing counterparts, suggesting that once marketers join a board, they have a greater chance of being invited to join other boards (see Table 3).

[4]When we used these variables as instruments, we excluded them from the second-stage model.

TABLE 3
Board Member Characteristics

Attribute	Directors Without Marketing Experience	Directors with Marketing Experience
Mean age (years)	63.00	58.40
Female %	14	25
Mean number of other directorships	.70	.90
Mean stock ownership %	.53	.23
Mean tenure (years)	8.90	6.80

Table 4 shows the frequencies of three board composition variables (MEBM, CFO board members, marketing interlocks), and Table 5 displays the means, standard deviations, and pairwise correlations for all variables. We show within-firm correlations (we subtract the firm mean from the variables before creating the correlation table) to more accurately represent the relationships tested in our firm fixed effects regression models. A few statistics are worth noting. First, the mean of our independent variable is .18, indicating that the average number of MEBMs on each board in each year is .18. In terms of actual counts, 83.7% of firm-year observations have zero MEBMs, 14.7% have one, 1.5% have two, and only .1% have three. In contrast, the mean number of CFO board members is .94, indicating that the average board has approximately one CFO member, with 36% of observations having no CFO members, 40% having one, 19% having two, and 6% having three or more. While the mean number of MEBM is low, the mean number of marketing interlocks is higher at .62, suggesting that while most boards do not have MEBM, many are interlocked with other boards that do. Finally, 29% of the observations in our sample had a CMO in the TMT, which is comparable to previous research (e.g., Germann, Ebbes, and Grewal 2015).

Tests of Hypotheses

Table 6 shows the results of the first-stage probit model we used to predict selection. The dependent variable is a dichotomous variable reflecting the addition of MEBM to the board in the focal year. As we have described, we chose peer firm mean MEBMs and mean board age as exclusion restrictions. Table 6 shows that both are significant predictors of selection, with firms being much more likely to have MEBMs if peer firms have more MEBMs and if the board is younger.

Table 7 shows the results of the second-stage regression models. Model 1 shows only the main effect of our independent variable, Model 2 shows only the main and interaction effects of our independent and moderator variables, Model 3 shows only the main effects of the control and moderator variables, and Model 4 shows the full model results with all predictors and interaction terms included. H_1 hypothesizes a positive relationship between MEBM and firm revenue growth. In every model of Table 7, the effect of MEBMs on revenue growth is positive and significant, providing support for H_1. The overall effect of MEBMs without any other predictors in the model

TABLE 4
Board Composition Frequency

Variable	0	1	2	3	4	5	6
MEBM	83.7%	14.7%	1.5%	.1%	.0%	.0%	.0%
CFO board members	36.3%	39.6%	18.6%	4.4%	1.0%	.2%	.0%
Marketing interlocks	61.5%	23.7%	9.1%	4.0%	1.2%	.3%	.1%

(β = 5.78, p < .01) indicates that a firm's revenues can be expected to increase 5.78 percentage points more annually when a marketer is on the board than when a marketer is not on the board. In the full model, the main effect is even larger, with one MEBM equating to 7.87 additional percentage points in revenue growth. Considering that the mean revenue growth in our sample is 5.45, the presence or absence of a single MEBM could feasibly mean the difference between revenue growth and revenue decline in a given year.

Situational influence moderators. The impact of each significant interaction on the marginal effect of MEBMs appears in Table 8. H_2 predicts that the positive effect of MEBMs on firm revenue growth will be stronger when industry growth is low. The interaction effect of industry growth and MEBMs on firm revenue growth is negative and significant (β = –.22, p < .001), in support of H_2. H_3 predicts that the positive effect of MEBMs on firm revenue growth will be stronger when the firm's prior market share growth has been weak. The interaction effect of market share growth and MEBM on firm revenue growth is negative and significant (β = –1.57, p < .001), in support of H_3.

Dispositional influence moderators. H_4 predicts that the positive effect of MEBMs on firm revenue growth will be stronger when the number of CFO board members is low. The interaction effect of CFO board members and MEBMs on firm revenue growth is negative and significant (β = –3.31, p < .05), in support of H_4. H_5 predicts that the positive effect of MEBMs on firm revenue growth will be stronger when the number of marketing interlocks is high. The interaction effect of marketing interlocks and MEBMs on firm revenue growth is positive and significant (β = 3.24, p < .05), in support of H_5.

Structural influence moderators. H_6 predicts that the positive effect of MEBMs on firm revenue growth will be stronger when the CEO is also the board chair. The interaction effect of CEO duality and MEBMs on firm revenue growth is positive and significant (β = 5.71, p < .05), in support of H_6. Finally, H_7 predicts that the positive effect of MEBMs on firm revenue growth will be stronger when a CMO is on the TMT. The interaction effect of a CMO on the TMT and MEBMs on firm revenue growth is not significant, thus providing no support for H_7. In summary, we find empirical support for all of our hypotheses, except for H_7 (i.e., CMO presence on the TMT).

Robustness Tests

We conducted several robustness and model specification checks to verify the validity of our results. First, the highest mean variance inflation factor—2.76 in our full model—suggests that multicollinearity is not an issue. Next, we retested our hypotheses using a dichotomous measure of MEBM presence to check if the independent variable might be more accurately specified as dichotomous (i.e., presence/absence of MEBMs on the board). The results of the hypothesis tests were the same, which is to be expected given the dearth of firms with more than one MEBM. Using a percentage measure of MEBM presence on the board yields similar results, with only the CEO duality interaction losing significance. To address a similar concern that the few observations with multiple MEBMs might bias our results, we retested our hypotheses and excluded these observations from the sample. Again, the substantive results of the hypothesis tests did not change. To determine whether reverse causality might have biased the results, we specified a negative binomial regression model with MEBM as the dependent variable. The results showed that the prior year's revenue growth exerted no effect on the current MEBM count, suggesting that reverse causality is not a concern.

We also tested our hypotheses using two- and three-year measures of our dependent variable. The results remained the same except for the structural influence moderators. The interaction effect of CEO duality lost significance, and the interaction effect of CMO presence on the TMT gained significance, but in the opposite direction from what we hypothesized. These findings, though not supportive of one set of hypotheses, nevertheless support our overall assertion that CEO duality and CMO presence represent a separate set of moderators from the others. It may be that MEBM influence on the TMT travels through channels other than the board's direct influence over TMT-level marketing. We explore this possibility in a qualitative post hoc analysis that we detail in the next subsection. The models we used to conduct the robustness and post hoc tests appear in Web Appendices B–G.

Post Hoc Analyses

Alternative performance outcomes. Having found empirical support for most of our contingency model, we conducted several post hoc analyses to further explore the effects of MEBMs on the firm. First, although we theorized that MEBMs are most attuned to issues of firm growth and would therefore drive greater revenue growth overall, top-line growth does not, on its own, equate to organizational effectiveness. Revenue can be grown at the expense of profitability and shareholder value (e.g., Morgan, Slotegraaf, and Vorhies 2009). Although these outcomes are conceptually more distant than our dependent variable, it is useful to examine whether MEBMs drive profitability and shareholder value in addition to revenue. In a post hoc analysis, we replaced our dependent variable with Tobin's

TABLE 5
Descriptive Statistics and Pairwise Within-Firm Correlations

Variable	Mean	S.D.	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
1. Revenue growth	5.45	27.34																	
2. MEBM	.18	.43	.03																
3. Industry growth	3.60	16.29	−.05	−.02															
4. Market share growth	.20	3.49	−.04	.02	−.34														
5. CFO board members	.94	.91	.01	.03	.06	−.03													
6. Marketing interlocks	.62	.97	−.01	−.02	−.01	−.01	.06												
7. CEO duality	.54	.50	.02	−.01	.00	.01	−.03	−.01											
8. CMO on TMT	.29	.45	.03	.06	.01	−.02	.10	.03	−.02										
9. Mean board tenure	9.13	3.74	.05	−.03	.00	−.02	−.03	−.01	.01	.05									
10. Mean stock ownership	.85	2.09	.01	−.06	.00	.01	.00	−.01	−.02	−.02	.06								
11. Mean board seats	.85	.50	−.05	−.04	.00	.01	−.06	.12	.05	−.07	−.09	−.01							
12. Female percentage	12.58	9.95	.00	.11	.03	−.03	.10	.00	.01	.07	−.02	−.05	−.02						
13. CEO marketing experience	.04	.19	.00	−.04	.02	−.01	.02	.03	−.02	−.02	−.03	.01	−.01	−.03					
14. Advertising intensity	1.11	2.55	.06	.04	−.02	−.03	−.02	.00	.00	.02	−.02	.01	.01	.01	.03				
15. R&D intensity	3.97	13.81	.18	.01	−.02	.00	−.01	−.01	.01	.00	.00	.00	.03	−.03	.00	−.03			
16. Board size	9.50	2.39	−.03	.11	−.02	.00	.13	.13	−.08	.04	−.13	−.05	−.05	.00	.01	−.02	.01		
17. Firm size	24.35	83.22	−.09	.01	.04	.08	.06	.05	−.02	.03	.08	−.06	.00	.02	−.03	−.03	−.02	.11	
18. Acquisition revenue	−5.77	3.58	.08	.00	.04	.05	.01	.00	.01	−.01	.02	−.01	.00	−.02	.01	.00	.02	−.01	.15

Notes: N = 6,213. Correlations with absolute value greater than .03 are significant at $p < .05$.

TABLE 6
Predicting the Addition of MEBMs (First-Stage Heckman Probit Model)

	Without Exclusion Restrictions	With Exclusion Restrictions
Peer firm mean MEBM		3.05***
		(.18)
Mean board age		−.02**
		(.01)
Industry growth	−.00	−.00
	(.00)	(.00)
Market share growth	−.00	.00
	(.01)	(.01)
CFO board members	.13***	.11***
	(.02)	(.02)
Marketing interlocks	.10***	.08***
	(.02)	(.02)
CEO duality	.04	.04
	(.04)	(.04)
CMO on TMT	.22***	.09*
	(.04)	(.05)
Mean board tenure	−.03***	−.02**
	(.01)	(.01)
Mean stock ownership	−.05***	−.06***
	(.01)	(.01)
Mean board seats	−.09†	−.10*
	(.05)	(.05)
Female percentage	.01***	.01***
	(.00)	(.00)
CEO marketing experience	.28**	.17†
	(.09)	(.10)
Advertising intensity	.06***	.03***
	(.01)	(.01)
R&D intensity	.01***	.00**
	(.00)	(.00)
Board size	−.02*	−.00
	(.01)	(.01)
Firm size	.00	−.00
	(.00)	(.00)
Acquisition revenue	−.01	−.01*
	(.01)	(.01)
Constant	−1.03***	−.37
	(.13)	(.40)
Pseudo R^2	.065	.126
Log-likelihood	−2617.28	−2444.80

†$p < .1$.
*$p < .05$.
**$p < .01$.
***$p < .001$.
Notes: N = 6,213. Standard errors are in parentheses. Year fixed effects are included. Significance levels are two-tailed.

q, a commonly used measure of intangible firm value (e.g., Germann, Ebbes, and Grewal 2015); total shareholder return (TSR), a commonly used measure of stock market performance (e.g., Quigley and Hambrick 2012); and return on assets (ROA), a commonly used measure of profitability (e.g., Katsikeas et al. 2016). Table 1 explains the operationalization of these measures, and the models appear in Table 9.

As the models show, MEBMs are not related to Tobin's q, are positively and significantly related to TSR ($\beta = 8.61, p < .05$), and are not related to ROA. Because TSR is primarily a measure of growth (albeit equity price and dividend growth rather than revenue growth), it is not surprising that MEBMs exhibit a similar effect on TSR as on revenue growth. Given that neither ROA nor Tobin's q registered an effect, it may be that MEBM impact on firm performance has little to do with leveraging firm assets—the book value of assets being the denominator in both measures—and more to do with driving overall demand.

Replicating Germann, Ebbes, and Grewal (2015). The models in Table 9 also enable us to replicate the results of Germann, Ebbes, and Grewal, who also find no significant relationship between CMO presence on the TMT and revenue growth. Germann, Ebbes, and Grewal find a strong positive relationship between CMO presence in the TMT and Tobin's q. As Table 9 shows, we also find a significant, positive relationship between CMO presence on the TMT and Tobin's q ($\beta = .07, p < .05$), which supports Germann, Ebbes, and Grewal's argument that Tobin's q is more appropriate for studying the effects of CMO influence on the TMT, whereas sales growth reflects a strategic prioritization that is determined primarily at the board level rather than at the TMT level. The consistency of our findings with those of Germann, Ebbes, and Grewal enhances our confidence in the validity of our sample, measures, and analytic approach.

In contrast to the divergent effects on revenue growth and Tobin's q, the effects of MEBMs and CMO presence on the TMT on TSR and ROA are nearly identical. We find that CMO presence on the TMT exhibits a positive and significant relationship with TSR ($\beta = 9.52, p < .01$) and no relationship with ROA. These results corroborate prior findings: whereas marketer presence in the upper echelons of the firm may affect top-line and shareholder value growth under certain circumstances, it does not affect profitability. The fact that both MEBMs and CMO presence on the TMT affect TSR suggests that TSR might be a useful metric for marketing scholars to explore more frequently. Because TSR incorporates elements of both top- and bottom-line growth, marketers at both the board and the TMT levels have ample opportunity to influence it.

Exploration and validation of theoretical mechanisms. We posit that MEBMs drive firm revenue growth by encouraging the board to prioritize growth strategies and by providing expert advice to and governance of the TMT such that the firm is able to drive growth to a greater extent than if no MEBMs were present. To investigate these theorized mechanisms, we interviewed 22 board members, executive recruiters, and CMOs who regularly report to the board. We identified interviewees using a snowball sampling approach to access this population of difficult-to-reach individuals (e.g., Kalton and Anderson 1986). We ensured representation of different types of firms across industries (e.g., retailing, consumer packaged goods, financial services, manufacturing, high tech, professional services) and firm sizes (from start-ups to *Fortune* 10 firms). All have operations in the United States.

Our interviews highlighted several methods that MEBMs use to influence growth outcomes; these interviews largely support our theory that MEBMs do so through the prioritization of growth strategies and through better governance of and advice to the TMT. Specifically, the methods described include influencing (1) board meeting agendas and focus (i.e., time spent on different topics), (2) board meeting attendees from the TMT, (3) board meeting discussions and

TABLE 7
Predicting Revenue Growth$_{t+1}$ (Second-Stage Regression Models with Firm and Year Fixed Effects)

	M1	M2	M3	M4
MEBM	5.78**	8.02*		7.87*
	(2.18)	(3.43)		(3.36)
MEBM × Industry growth		–.23***		–.22***
		(.06)		(.06)
MEBM × Market share growth		–1.52***		–1.57***
		(.33)		(.32)
MEBM × CFO board members		–3.13*		–3.31*
		(1.37)		(1.34)
MEBM × Marketing interlocks		2.86*		3.24*
		(1.30)		(1.27)
MEBM × CEO duality		5.56*		5.71*
		(2.71)		(2.64)
MEBM × CMO on TMT		–5.31†		–4.17
		(3.07)		(3.01)
Industry growth		–.11***	–.12***	–.09**
		(.03)	(.03)	(.03)
Market share growth		–.40***	–.52***	–.34**
		(.12)	(.12)	(.13)
CFO board members		–.31	–.37	.37
		(.87)	(.84)	(.89)
Marketing interlocks		–1.04	–.09	–.79
		(.85)	(.78)	(.85)
CEO duality		1.52	1.83	.78
		(1.49)	(1.40)	(1.49)
CMO on TMT		2.28	2.72	3.66
		(2.40)	(2.60)	(2.68)
Mean board tenure			.08	.12
			(.30)	(.30)
Mean stock ownership			.26	.28
			(.49)	(.49)
Mean board seats			–5.95**	–5.94**
			(1.96)	(1.95)
Female percentage			.02	–.00
			(.11)	(.11)
CEO marketing experience			3.41	4.10
			(5.55)	(5.66)
Advertising intensity			4.04***	3.94***
			(.80)	(.81)
R&D intensity			.64***	.65***
			(.05)	(.05)
Board size			–.67	–.70
			(.43)	(.43)
Firm size			–.01	–.00
			(.05)	(.05)
Acquisition revenue			.73***	.73***
			(.11)	(.11)
Constant	–27.77†	5.74	–25.80	–28.25
	(15.99)	(19.31)	(32.94)	(33.95)
λ (IMR)	44.60*	–.53	52.64	54.33
	(21.54)	(25.65)	(42.68)	(44.10)
R^2	.058	.073	.113	.122

†$p < .1$.
*$p < .05$.
**$p < .01$.
***$p < .001$.
Notes: N = 6,213; N_{firms} = 1,091. Standard errors are in parentheses. Significance levels are two-tailed.

decision making (i.e., steering discussion to growth and marketing-related topics), (4) the CEO/TMT by providing advice in and out of board meetings, (5) the CMO by providing guidance and counsel in and out of board meetings, and (7) the quality of marketing-related decisions and actions by providing access to expertise and identifying additional resources needed to fill gaps in the management team. For representative excerpts from the interviews, see Web Appendix G.

TABLE 8
Effect of MEBMs on Revenue Growth at Varying Moderator Levels for Significant Interactions

A: $\beta_{(MEBM)}$ at Moderator Levels of $\mu - 1\sigma$ and $\mu + 1\sigma$

	$\beta_{(MEBM)}$ at Moderator Levels of:	
Moderator	$\mu - 1\sigma$	$\mu + 1\sigma$
Industry growth	11.08***	3.95
Market share growth	13.03***	2.01
CFO board members	10.53***	4.51†
Marketing interlocks	4.38†	10.61***

B: $\beta_{(MEBM)}$ at Moderator Levels of 0 and 1

	$\beta_{(MEBM)}$ at Moderator Levels of:	
Moderator	0	1
CEO duality	4.45†	10.17***

†$p < .1$.
***$p < .001$.
Notes: Significance tests are based on Delta-method standard errors.

TABLE 9
Second-Stage Regression Models of Alternative Performance Outcomes

	Tobin's q	TSR	ROA
MEBM	.02	8.61*	.22
	(.03)	(3.73)	(.39)
CMO on TMT	.07*	9.52**	.09
	(.03)	(3.44)	(.36)
Industry growth	.00	–.12**	.03***
	(.00)	(.04)	(.00)
Market share growth	–.00	–.60**	.02
	(.00)	(.19)	(.02)
CFO board members	.01	–.02	–.14
	(.01)	(1.39)	(.15)
Marketing interlocks	.01	.50	–.03
	(.01)	(1.32)	(.14)
CEO duality	.00	2.15	–.23
	(.02)	(2.29)	(.24)
Mean board tenure	–.00	.07	–.09†
	(.00)	(.48)	(.05)
Mean stock ownership	–.02*	–1.84*	–.03
	(.01)	(.83)	(.09)
Mean board seats	–.02	1.22	.11
	(.03)	(3.31)	(.35)
Female percentage	.00	.20	.02
	(.00)	(.16)	(.02)
CEO marketing experience	.15*	9.70	1.57*
	(.07)	(7.35)	(.77)
Advertising intensity	.00	2.01†	–.17
	(.01)	(1.12)	(.12)
R&D intensity	–.00***	.02	–.03***
	(.00)	(.08)	(.01)
Board size	–.00	–1.73*	–.19*
	(.01)	(.72)	(.08)
Firm size	–.00	–.32***	–.01
	(.00)	(.08)	(.01)
Acquisition revenue	–.00	.02	.00
	(.00)	(.19)	(.02)
Constant	.81***	–35.05	11.76***
	(.21)	(22.22)	(2.34)
λ (Inverse Mills ratio)	.23	26.44	–.39
	(.26)	(27.42)	(2.89)
R^2	.141	.329	.040

†$p < .1$.
*$p < .05$.
**$p < .01$.
***$p < .001$.
Notes: N = 6,213; N_{firms} = 1,091. Standard errors are in parentheses. Significance levels are two-tailed.

Several important influence patterns emerged from these interviews. First, the amount of engagement within the board and between MEBMs and the management team is more extensive than has been generally understood. It was not uncommon for MEBMs to spend a day or more each month directly counseling and helping the firm's management team (usually the CEO or CMO) outside of formal board meetings. Several interviewees recounted the establishment of "advisory boards," or ad hoc committees comprising the firm's marketers, overseen by the MEBMs, to provide a specific mechanism through which the MEBMs could govern and advise the firm's CMO and marketing team directly. Traditional management theory might suggest that this is overreaching. However, a counter viewpoint provided by a marketer who had served on ten boards, five of which were *Fortune* 100 firms, is that in today's "progressive" firms, boards must deliver a greater return on investment (i.e., value above and beyond traditional governance issues). Consequently, most interviewees described a time-consuming level of engagement, consistent with Finkelstein, Hambrick, and Cannella's (2009) view of the board as a "supra-TMT." This provides further opportunity for researchers to examine the nature, variance, and consequences of direct, rather than indirect, MEBM–TMT engagement.

The second insight gleaned from the interviews is that the methods through which MEBMs influence growth outcomes are largely unobservable through secondary measures. From influencing the board's agenda to influencing the CMO's marketing-related actions, this type of information is largely confidential and therefore inaccessible in public documents. This insight suggests an opportunity for researchers to collect primary data to investigate, at a more granular level, the mechanisms through which MEBMs influence growth.

Discussion

The literature reveals a renewed interest in understanding marketing's impact at the upper echelons of the firm and a general concern with the lack of marketing's involvement at the firms' strategic levels (e.g., Boyd, Chandy, and Cunha 2010; Germann, Ebbes, and Grewal 2015; Nath and Mahajan 2008). Given that less than 3% of board members have marketing experience, this observed board behavior supports the academic view that there is an underappreciation of marketing experience in the upper echelons of the firm (i.e., the board of directors). This research provides both theoretical arguments and empirical evidence that having marketing experience at the board level affects revenue growth. Although prior studies have found that including CMOs on the TMT has no effect on revenue growth, taken together, the collective findings suggest that marketing's impact at different levels of strategy can vary.

In this research, we develop a behavioral contingency model of MEBM impact on firm growth. Specifically, we examine (1) whether MEBMs influence firm growth and (2) the contingencies under which this impact is magnified or muted. Although we find that MEBMs influence growth, they are still a functional minority on boards of directors, which make decisions collectively. Consequently, we theorize and empirically demonstrate that MEBMs' ability to influence both board and TMT decisions is affected by situational, disposition, and structural influence factors. From a managerial perspective, this research underscores the argument that having marketing experience at the board level is considerably more valuable than the numbers of MEBMs (2.6%) currently serving on boards would suggest. Inclusion of MEBMs on boards is strikingly low, given that one of the greatest challenges boards face is demand generation: "It seems that the market volatility and low prospects for growth as well as the unpredictable economic outlook are what keep board members awake at night" (Spencer Stuart 2016, p. 4). Yet some board members believe that what marketers do is neither strategic nor value-creating (Whitler 2016). Our findings should encourage boards to rethink their position on the impact of marketing and the positive influence that MEBMs can have on firm performance.

Implications for Theory

Emerging marketing leadership theory. This research has two major implications for marketing theory. First, to understand marketing's impact on firm-level outcomes, it is critical to understand the role that marketers play at each level within the firm. To date, theorizing has focused on indicators of the power and function of marketers as reflected in their responsibilities and TMT composition and characteristics. Our study extends the boundaries of marketing leadership to include a board-level perspective. Although focusing on the TMT is important, it is an incomplete application of upper echelons theory (Finkelstein, Hambrick, and Cannella 2009). Our findings show that marketing theory should not ignore the role of the board of directors in leveraging marketing expertise and driving marketing outcomes. With few exceptions (e.g., Srinivasan, Wuyts, and Mallapragada 2018), marketing scholars have ceded research on boards of directors to other fields.

Second, our study underscores the need to examine conditions that enable marketers to effectively exercise their power. Ultimately, marketers need to influence the decisions and behaviors of others to affect strategy and outcomes. Thus, understanding conditions that enable marketers to wield influence is critical in any marketing theory–based explanation of firm performance. The mechanisms for influence and impact are different at the board and TMT levels and thus require separate investigation and a more nuanced understanding. Our research presents a foundational understanding of board-level marketing impact and the conditions that magnify (or reduce) its influence. This approach illuminates the need for similar understanding at the TMT and functional levels to establish drivers and mechanisms of marketers' influence in ways that affect strategy, organizational design, marketing capability, and performance outcomes.

Implications for the behavioral perspective on corporate governance. By exploring how board-level functional minorities can have greater influence, we integrate disparate research into a single contingency model that extends theory on the ways that minority functional expertise can have board-level influence and impact. The few studies examining the determinants of minority influence treat minority directors as a single group composed of every type of minority designation (e.g., Westphal and Milton 2000). This approach is necessarily undercontextualized, which is problematic because minority director expertise is context dependent. Our research provides a more nuanced understanding of how minority functional expertise at the board level can be more (or less) effective.

Substantive Implications

Implications for upper echelons research in marketing. This research identifies a new, strategy-setting level of hierarchy within the firm and explores how marketing experience can have unique influence and consequences relative to the TMT. Our research extends the emerging upper echelons literature by examining marketing's role and impact at the very top of the organization: the board of directors. Our findings, which conflict with observable board beliefs and behavior, provide new insights into when, how, and why decision makers' marketing-related experience matters. Consequently, for researchers and practitioners concerned about the decline of marketing's influence at the strategic level of the firm, this research identifies an area in which marketing experience adds value and opens the door to investigate other ways MEBMs can influence the firm.

Implications for practice. This research has important implications for practice in three main areas. First, our findings clearly reveal new insights germane to board membership. Two central issues that boards regularly consider when selecting candidates for membership are (1) the appropriate role for the board to play in the firm and (2) given the desired role, how the board can assemble the right mix of members to maximize its effectiveness (e.g., Withers, Hillman, and Cannella 2012). The current research suggests that boards can generate better revenue growth by including marketers among their ranks, especially when growth is difficult. Because revenue growth is a key challenge that firm leaders are struggling with (e.g., Gartner 2018), this research suggests that including demand-generating expertise on the board can help resolve this issue.

Second, executive recruiters can use our research and its findings to more effectively advise firms on board composition in general and marketing candidates in particular. Given the dearth of marketers on boards and the lack of evidence regarding the unique contributions MEBMs provide at the board level, executive recruiters have had little ability or cause to lobby for the consideration of marketers for board seats. The evidence we provide in the current research should make it easier for executive recruiters to advocate for the inclusion of marketers on boards of directors.

Third, this study has important implications for CMOs. Our theorizing and the results of our analyses can help CMOs better understand how those above them affect their ability to deliver results. For example, in discussing our results with 13 active CMOs at a CMO conference, none had considered who was on the board before accepting a job. This research illuminates the value of having MEBMs and should motivate CMOs to inspect board composition and other factors that will enable them to exercise their skill sets and wield influence before they accept a CMO position.

Limitations and Future Research Directions

This research is subject to the following limitations. First, boards are not specifically required to identify members with marketing experience. Consequently, this research relies on biographies reported in proxy statements. However, we believe that any risks associated with this approach are limited because (1) boards are required by law to provide details on the relevant experience of their members and (2) we followed protocol from prior research for identifying MEBMs.

Second, although the magnitudes of the relationships we find are substantial, the incremental increase in variance explained by our independent variables and interactions is relatively small. Such increases are not uncommon in board research, as the connection between board attributes and firm outcomes is quite distal (e.g., Desender et al. 2016; Dezso and Ross 2012). While the addition of MEBMs and the interaction terms to the model may not improve the predictive accuracy of the model by a large percentage, it does reveal a significant relationship, thus providing an acceptable test of the hypothesized relationships.

Finally, our robustness check focusing on longer-term measurement of the dependent variable failed to support our structural influence moderator hypotheses, suggesting that the factors affecting MEBM influence on the TMT may be more complex than we have theorized. If we examine the qualitative data obtained in our post hoc interviews with board members, we can identify a possible explanation for this deviation. We theorized that MEMBs primarily influence the TMT through their influence on the board and the board's subsequent influence on the TMT. However, several of our interviewees indicated that MEBMs engaged directly with the firm's CMO and other marketing managers on a fairly regular basis. As such, it may be that the structural factors normally associated with the board's influence on the TMT are less applicable in this context.

Because our study is the first to investigate the impact of MEBMs, it opens up possibilities for several new streams of research. First, researchers could employ different methods to capture more detail about board member experience to develop a more granular understanding of the nature of marketing's impact. For example, does the type of experience that MEBMs bring to the board affect the role of marketing in the firm or different performance outcomes (e.g., Whitler and Morgan 2017)? Do MEBMs with more board experience exert their influence differently than short-tenured MEBMs? Using publicly available data, interviews, and surveys, researchers could capture information such as the years of board-level experience, the type and quality of the experience, and the specific function with which the board member most closely identifies.

Second, future research should consider the paths through which MEBMs can influence firm outcomes. Our post hoc analysis begins to explore ways that MEBMs may affect growth. Future research could more extensively investigate the mechanisms through which MEBMs affect growth. For example, MEBMs with more sales versus marketing experience might prioritize different mechanisms to affect growth. Although such an investigation would likely require primary data collection, capturing greater detail regarding the nature of the advice and counsel MEBMs provide would yield important new insights.

Third, this research does not identify the factors that cause a board to nominate MEBMs, although our first-stage model does highlight some significant predictors, such as peer firms' appointments of MEBMs. Given our findings that MEBMs matter, researchers now need to explore the predictors and mechanisms by which such board appointments occur. For example, are firms that are facing investor pressure to identify new markets more likely to appoint MEBMs? Are CEOs who believe that the board's role goes beyond governance and should also create value more likely to encourage MEBM appointments?

Fourth, this initial investigation of MEBM impact focuses on firm-level performance outcomes. At the same time, our theory incorporates, and our qualitative post hoc investigation illuminates, several intervening mechanisms and steps between board-level marketing experience and firm outcomes. We encourage researchers to examine these intervening mechanisms in a more formal, deductive fashion. One possibility is to search for evidence of a "growth mindset" in the text provided in firms' annual reports. If MEBMs instill a greater appreciation for and focus on growth, that appreciation might be apparent in the firm's public filings.

Conclusion

This research is an initial effort to understand the impact of MEBMs on firm growth, as well as the conditions under which such impact is strongest. As foundational research, our focus has been on developing a conceptual model of the positive impact MEBMs have on firm growth and on providing some contingency-based evidence that is consistent with the theorized unobservable mechanisms. Specifically, we identify situational, dispositional, and structural conditions under which MEBMs, as minority voices at the board level, are likely to have greater impact. These findings and theoretical explanations advance the literature on marketing in the upper echelons of the firm by expanding it to the board level and providing a platform for pursuing a new stream of research.

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