Who gets to the top? Generalists versus specialists in managerial organizations

Daniel Ferreira and Raaj K. Sah

RAND Journal of Economics, Volume 43, Number 4, 2012, pages 577-601.

ABSTRACT

We study organizations with individuals whose expertise differ in content and breadth. For example, specialists have deeper expertise than generalists, but in fewer areas. Difficulties in communication depend on who communicates with whom. Our analysis, which is consistent with several empirical findings, shows that: (i) an organization is more valuable and its leader has broader expertise if it is more complex, faces more unpredictability, or communication technologies improve; (ii) those higher in multilayered hierarchies have broader expertise; and (iii) any one-dimensional concept (e.g., talent) cannot explain the assignment of different individuals to different levels in hierarchies.