

# UNPACKING POLITICAL IDEOLOGY: CEO SOCIAL AND ECONOMIC IDEOLOGIES, STRATEGIC DECISION-MAKING PROCESSES, AND CORPORATE ENTREPRENEURSHIP

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**We integrate political psychology and upper echelons research to introduce an alternative conceptualization of executive political ideology by separating the two distinct ideologies: social and economic. We theorize and test how the two ideologies exert distinct effects on a critical strategic outcome: corporate entrepreneurship. We examine this contention in Iran, a political context that sharply deviates from the exclusively studied U.S. context. We find that social and economic conservatism exert opposing effects on corporate entrepreneurship through distinct strategic decision-making processes; CEO social conservatism positively affects corporate entrepreneurship by promoting intuitive strategic decision-making, whereas CEO economic conservatism negatively affects corporate entrepreneurship by impairing cooperative strategic decision-making. These results highlight the need to separate social and economic ideologies, especially in non-U.S. contexts, and inform the underlying strategic decision-making processes through which executive ideology shapes strategic behaviors. The promising results also underscore the importance of examining the strategic implications of executive political ideology in diverse political contexts that differ from the U.S. context.**

“Political ideology” refers to individuals’ values on the ideal goals of society and the best means to achieve them. It sits at the intersection of value theories (Feather, 1979; Schwartz, 1996) and political psychology (Tetlock, 2000). Political ideology reflects enduring, higher-order

values that influence “nearly every domain” of life and guide behavior, especially under uncertainty (Jost, Glasser, Kruglanski, & Sulloway, 2003: 347). Indeed, Jost (2017) suggested that managing uncertainty lies at the heart of political conservatism. Based on this premise, a growing body of management research has shown that CEO political ideology affects various firm strategic outcomes (e.g., Chin, Hambrick, & Treviño, 2013; Gupta, Briscoe, & Hambrick, 2018). Although this research stream has yielded valuable insights, a fundamental issue is that it has conceptualized political ideology along a unitary conservatism–liberalism spectrum. This spectrum has been criticized for not reflecting the complex nature of political ideology (Duckitt, Wagner, du Plessis, & Birum, 2002).

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Scholars argue that, to better understand the behavioral implications of political ideology, it is necessary to examine two distinct constructs: social ideology and economic ideology (Feldman & Johnston, 2014; Layman & Carsey, 2002). Specifically, “social ideology”<sup>1</sup> is the extent to which individuals respect and conform to traditional norms and practices (Thorisdottir, Jost, Liviatan, & Shrout, 2007; Van Hiel & Mervielde, 2004). Socially conservative people tend to make decisions more intuitively, relying on past practices or their own experiences. In contrast, socially liberal individuals rely less on traditional norms or their own experience-based intuition and instead search extensively for information (Deppe et al., 2015; Pennycook, Cheyne, Seli, Koehler, & Fugelsang, 2012). The crux of “economic ideology” reflects individuals’ stance on competitive versus cooperative interactions with others (Duckitt & Sibley, 2010; Thorisdottir et al., 2007). Economic conservatives tend to value competition as a means of achieving positive outcomes, while economic liberals value the benefits of cooperation based on shared and interdependent goals and rewards (McClosky & Zaller, 1984; Van Hiel & Mervielde, 2004).

Research in political psychology demonstrates that an individual can hold a conservative *social ideology* and liberal *economic ideology*, and vice versa. Despite political psychologists’ recognition of the distinctness of social versus economic ideologies, management research has not incorporated this more nuanced approach to political ideology. As such, it has overlooked how these ideologies may shape decision processes in different ways, leading to outcomes that current executive ideology theory cannot explain.

We posit that one of the reasons for this oversight is that the current theory on executive ideology has been developed almost exclusively in the empirical context of the United States, which represents a high ideology constraint context due to its well-entrenched two-party system. “Ideology constraint,” defined as the extent to which political contexts limit divergent expressions of social and economic ideologies (Malka, Soto, Inzlicht, & Lelkes, 2014), is a critical contextual force in theorizing political ideologies. Under high

ideology constraints, the constructs of social and economic ideology tend to be positively correlated with each other, and even collapse into the single conservatism–liberalism spectrum (Jost, Federico, & Napier, 2009). Yet, under low ideology constraints, social and economic ideologies manifest distinctly, and are often negatively correlated with each other (Malka, Lelkes, & Soto, 2019). Hence, the conceptualization of political ideology along a unitary spectrum is applicable only for high ideology-constrained contexts, like the United States (Mirisola, Sibley, Boca, & Duckitt, 2007), while low ideology constraints are more prevalent around the world (Lijphart, 2012). Indeed, research in 99 countries found that, while social conservatism and economic conservatism are positively correlated with each other in the United States, they are negatively correlated in substantially more nations (Malka et al., 2019).

In this study, we address this theoretical void by theorizing how CEO social and economic ideologies independently shape strategic decision-making processes in top management teams (TMTs) and influence firm-level strategic outcomes. Our theory integrates political psychology with upper echelons research, particularly with respect to the CEO–TMT interface. Specifically, our model highlights the effects of CEO social and economic conservatism on corporate entrepreneurship (hereafter, “CE”) through two mediators: (1) intuitive strategic decision-making, or the degree of reliance on experience-based intuition, and (2) cooperative strategic decision-making, or the degree to which shared goals promote cooperation. We focus on CE because top executives’ ability to manage uncertainty is key for CE (Shimizu, 2012) and managing uncertainty is a core function of political conservatism (Jost, 2017). The mediators—how TMTs process information (i.e., intuitive decision-making) and how they work together (i.e., cooperative decision-making)—are also central to successfully identifying and implementing CE opportunities.

To test our theory, we conducted three-wave surveys and supplementary interviews in small- and medium-sized enterprises (SMEs) in Iran, a low ideology constraint country. Research in more than 50 countries, including Iran, has demonstrated that social and economic ideologies are distinct across political contexts (Malka et al., 2014). However, the relationship between social and economic ideologies varies across countries due to the degree of ideology constraint (Malka et al., 2019). The fragmented multi-party Iranian political system offers an opportunity to investigate the distinct strategic implications of

<sup>1</sup> Some scholars use “cultural conservatism” (Malka et al., 2019; Thorisdottir et al., 2007) or “social–cultural conservatism” (Van Hiel, Onraet, & De Pauw, 2010) instead of “social conservatism,” given that it is about conforming to and maintaining cultural norms, practices, traditions, and values in society. Despite these different terminologies, though, they represent the same conceptual construct in political ideology (Malka et al., 2014).

executives' social and economic ideologies, to broaden our theoretical understanding beyond the U.S. context.

This study advances current theory on executive political ideology research in multiple directions. First, we offer an alternative conceptualization of executive political ideology that differs from the unitary perspective in existing research. The distinct effects of CEOs' social and economic conservatism on strategic decision-making processes and strategic outcomes underscore the need to move beyond the unitary perspective of executive political ideology. In addition, our study overcomes a tendency toward a North American research paradigm by proposing and testing a theory in another cultural context (March, 2005), broadening the scope of the current theory on executive political ideology.

Our study also contributes to upper echelons theory by shedding light on the "black box" in executive ideology research. Given that prior research on executive political ideology has not theorized on the intervening mechanisms through which CEO political ideology impacts firm strategic outcomes (e.g., Chin et al., 2013; Christensen, Dhaliwal, Boivie, & Graffin, 2015), our study makes important contributions by lending conceptual and empirical precision to the intervening mechanisms that the current theory on executive ideology does not offer.

Finally, our study contributes to CE literature by theorizing the benefits of intuitive versus analytic decisions. While strategy literature has long discussed the potential drawback of analytic strategic decision-making based on a rational economic paradigm (Forbes, 2007; Fredrickson & Mitchell, 1984), and management literature suggests the virtue of intuitive decisions under uncertainty and time pressure (Dane & Pratt, 2007), these literatures have been overlooked in CE research. To that end, our study not only provides important insight but also initiates a much-needed discussion in CE literature on the benefits of intuitive versus analytic decisions. Also, by focusing on behavioral factors, such as intuition, our study broadens the scope of CE research to connect it with the growing research on behavioral strategy.

## THEORETICAL BACKGROUND

Political psychology research has demonstrated that social and economic ideologies are distinct across a wide range of political contexts (Duckitt & Sibley, 2010; Feldman & Johnston, 2014; Malka et al., 2014). However, even though research has demonstrated

the distinctness of the two ideologies globally, it is critical to study national contexts, because, in certain countries, the two ideologies are strongly correlated and align along a single liberalism-conservatism spectrum (Jost et al., 2009; Malka et al., 2019; Mirisola et al., 2007). The extent to which a given political context limits or permits divergent behavioral expressions of social and economic ideologies is known as "ideology constraint" (Malka et al., 2014). High ideology-constrained contexts limit the expressions of distinct social and economic ideologies and promote uniform ideological expectancies (see further discussion on ideology constraint by Jost et al., 2009; Malka et al., 2014; Thorisdottir et al., 2007).

When a political system is ideologized along a single dimension, as in a well-established biparty system such as the United States, the two constructs of political ideology tend to be confounded because social and economic conservatism are positively correlated. Thus, a unitary conceptualization of political ideology can be applicable in such contexts. In contrast, low ideology-constrained contexts generally have multiple political parties with unclear disciplines and fluid cross-party boundaries, meaning weaker restrictions on the behavioral manifestations of social and economic ideologies. Indeed, political psychology research has found that it is common in low ideology-constrained contexts for social and economic conservatism to be negatively correlated with each other (Malka et al., 2019).

Taken together, while social and economic ideologies represent two distinct constructs, this distinctness can be obscured in countries with high ideology constraints, such as the United States. To develop theories of executive ideology that have relevance beyond this context, we need to move away from the current unitary conceptualization and instead separately examine the effects of social ideology and economic ideology.

## Political Ideology in Upper Echelons

A growing body of research in the organizational sciences has focused on the impact of political ideology on strategic decision-making and organizational outcomes, mainly based on upper echelons theory (Hambrick & Mason, 1984). Scholars have shown that executives' political ideologies can affect a range of organizational outcomes, including corporate social responsibility (Chin et al., 2013), employee workplace activism (Briscoe, Chin, & Hambrick, 2014), corporate tax policy (Christensen et al., 2015), resource allocation among business units (Gupta et al.,

2018), pay structure of top executives (Chin & Semadeni, 2017; Gupta & Wowak, 2017), gender relations (Briscoe & Joshi, 2017), and HR practices (Carnahan & Greenwood, 2018). CEO political ideology also influences investment and expenditure decisions (Hutton, Jiang, & Kumar, 2014) and mergers and acquisitions (Elnahas & Kim, 2017).

While these studies use a unitary conceptualization of political ideology, they highlight that executive ideology affects various organizational outcomes. By integrating executive ideology research in strategic leadership with research on social and economic ideologies in political psychology, we theorize that CEO social and economic ideologies will have distinct impacts on firm outcomes. We anticipate that these distinct impacts will arise because of how CEO ideologies shape TMT decision-making processes.

We draw on the CEO–TMT interface to underpin our overall theoretical argument. CEO–TMT interface research assumes that the psychological attributes of CEOs, such as values, affect strategic TMT decision-making processes because CEOs work closely and regularly with TMT members to “evaluate, reward, motivate, and coach TMT members, as well as facilitate their interactions” (Simsek, Veiga, Lubatkin, & Dino, 2005: 71). Similarly, “a CEO can set the tone, atmosphere, and philosophy for the organization and its subunits” (Waldman & Yammarino, 1999: 281), and therefore a CEO’s preferences and biases have significant effects on TMT processes (Finkelstein, Hambrick, & Cannella, 2009). Indeed, research has shown that TMT decision-making processes do not occur in isolation but are significantly traceable to CEOs’ psychological attributes (e.g., Ling, Simsek, Lubatkin, & Veiga, 2008; Peterson, Smith, Martorana, & Owens, 2003).

### Corporate Entrepreneurship

The strategic outcome of interest in our theorizing is CE. CE encompasses innovation (introduction of new products, processes, and organizational systems or methods), strategic renewal (revitalization of operations by changing the business scope and competitive approaches), and corporate venturing (creation of businesses in existing or new fields, markets, or industries, either internally or externally) (Ling et al., 2008; Zahra, 1996). It helps firms adapt to the external environment and secure competitive advantage, enhancing firm performance (Guth & Ginsberg, 1990; Shimizu, 2012).

CE is an appropriate setting in which to develop our theory, for two reasons. First, it presents significant uncertainty for executives in both opportunity

recognition and opportunity implementation (Lerner, Zahra, & Kohavi, 2007; Shepherd, Williams, & Patzelt, 2015). Hence, executives’ decision-making under uncertainty is critical to CE. Moreover, managing uncertainty lies at the heart of political conservatism, which stems from individuals’ psychological orientations to manage uncertainty across life domains (Jost et al., 2003; Thorisdottir et al., 2007). Second, the roles of senior managers serve as critical antecedents of CE (Hornsby, Kuratko, Shepherd, & Bott, 2009; Ireland, Covin, & Kuratko, 2009), because CEOs and TMTs together not only ratify CE activities but also manage assets essential to CE (Phan, Wright, Ucbasaran, & Tan, 2009; Zahra, Filatotchev, & Wright, 2009). As such, the CE literature suggests that top managers play a critical role in CE activities as they are “responsible for the articulation of an entrepreneurial strategic vision” and implementing CE activities (Kuratko, 2007: 172).

In the next section, we develop a set of hypotheses on the distinct effects of social and economic conservatism on CE. First, we focus on the impact of CEO social conservatism by proposing how CEO social conservatism positively affects CE through intuitive strategic decision-making processes within the TMT. Then, we explore how CEO economic conservatism negatively affects CE through cooperative strategic decision-making processes within the TMT.

## HYPOTHESIS DEVELOPMENT

### Effects of CEO Social Conservatism

Our core contention is that CEO social conservatism benefits CE by fostering greater reliance on intuition in strategic decision-making processes in the TMT. We develop our theoretical argument by integrating political psychology research that shows social ideology functions as a perceptual filter for information processing with the CEO interface perspective and CE literature.

**CEO social conservatism and intuitive strategic decision-making.** Research in political psychology has shown that conservatives and liberals systematically differ in their information processing, with the use of intuition integral to social ideology, but not to economic ideology (Deppe et al., 2015). A large body of research indicates that social conservatives’ respect for traditional norms and practices leads them to make decisions based on tried-and-true experiences and simple heuristics (Bizer, Krosnick, Holbrook, Christian Wheeler, Rucker, & Petty, 2004; De Zavala, Cislak, & Wesolowska, 2010; Tetlock, 1983; Sidanius, 1985;



Van Hiel, Pandelaere, & Duriez, 2004). For example, a socially conservative CEO in our sample stated:

I strongly believe that experience is the mother of knowledge and wisdom ... I relied on the opinion of the most experienced member of my team who had in-depth knowledge of the local market to quickly adjust our product price.<sup>2</sup>

As a result, they tend to “quickly make judgments without willingness to seek further information or change their mind” (Deppe et al., 2015: 316) and believe that “one quickly reaches the point of diminishing marginal returns for further information search and analysis” (Tetlock, 2000: 316).

Conversely, social liberals, rather than conforming to traditional norms and practices, tend to analyze information from various sources (Feldman & Johnston, 2014; Kruglanski, Pierro, Mannetti, & De Grada, 2006). As such, social liberals are wary of “intuitive rules of thumb” and consider simple heuristics as simple-mindedness, not insight (Tetlock, 2000: 299). They tend to be more deliberate and analytical in decision-making (Deppe et al., 2015). Indeed, a socially liberal CEO in our sample noted:

It is very important to ... always look for new market information ... We highly concentrate on acquiring market data and information from policymakers and government sources.

Overall, this research stream suggests that social ideology is a perceptual filter for CEOs in searching for and selecting types of information in decision-making.

We posit that these systematic differences in information processing between socially conservative CEOs and socially liberal CEOs are likely to affect strategic decision-making processes in TMTs. As Klimoski and Koles (2001) posited, CEOs guide how the work is to be completed (i.e., workflow) as well as communication patterns within TMTs by managing expectations on appropriate information processing during strategic decision-making. CEOs also shape how TMT members view and frame situations (Simsek, Heavey, & Fox, 2018) and influence how TMT members change their decisions in response to new information (Peterson et al., 2003). Taken together, we propose that CEO social ideology is likely to influence information processing within the TMT by

affecting how TMT members scan, exchange, and analyze information during strategic decision-making. Socially conservative CEOs are likely to promote the use of tried-and-true experiences and simple heuristics during strategic decision-making within TMTs. In contrast, socially liberal CEOs are likely to encourage TMT members to conduct extensive information search before making decisions.

**Intuitive strategic decision-making and CE.** Previous studies on CE and intuitive decision-making suggest that intuitive strategic decision-making processes within the TMT can benefit CE activities by helping to identify and implement CE opportunities. CE “is characterized by intense time pressure,” often with a short time window to identify entrepreneurial opportunities (Chen & Nadkarni, 2017: 38). As such, effective identification of CE opportunities requires quick and holistic information processing. Research on intuition suggests that intuition facilitates “linking disparate elements of information” (Raidl & Lubart, 2001: 219) and “making holistic associations” (Dane & Pratt, 2007: 37). Furthermore, intuition enables quick recognition of emerging trends and “connecting the dots” among diverse and seemingly unrelated domains, both of which help identify entrepreneurial opportunities (Ozgen & Baron, 2007; Shane & Venkataraman, 2000; Short, Ketchen, Shook, & Ireland, 2010). The benefits of intuition apply more when intuition comes from the decision-maker’s domain-related experience and when dealing with uncertain and time-pressured decision-making (Dane & Pratt, 2007). Meanwhile, extensive information gathering and analysis of the merits and feasibility of a given opportunity can delay decision-making enough to miss the window of opportunity (Chen & Nadkarni, 2017). The short time window of CE shifts the balance between the benefit and the cost of extensive search and formal analyses.

Furthermore, intuitive strategic decision-making helps facilitate faster implementation of CE opportunities. The timely implementation of CE opportunities requires TMTs to decide quickly on new or unproven ideas with incomplete information (Shimizu, 2012). Indeed, Garvin and Levesque (2006: 107) suggested that “senior managers’ willingness to make timely go or no-go decisions” is crucial for CE. Intuition enables managers to rapidly process information and speed up decision-making by simplifying their cognitive processes (Dane & Pratt, 2007; Wally & Baum, 1994). Given these benefits of quick and holistic information processing, entrepreneurship scholars stress that intuition facilitates the timely execution of entrepreneurial opportunities, to the

<sup>2</sup> We conducted post-survey interviews with 15 CEOs in our sample and asked them to explain their strategic decision-making processes. Interviews consisted of open-ended questions with probes (Rossi, Wright, & Anderson, 2013).

extent that, “without the use of biases and heuristics, many entrepreneurial decisions would never be made” (Busenitz & Barney, 1997: 10; Zhang & Cueto, 2017). As such, we propose that intuitive strategic decision-making processes within TMTs enhance CE by helping TMTs to recognize and implement CE opportunities. Taken together, we hypothesize:

*Hypothesis 1. CEO social conservatism positively impacts CE.*

*Hypothesis 2. The impact of CEO social conservatism on CE is mediated by intuitive strategic decision-making processes within the TMT.*

### Effects of CEO Economic Conservatism

Our core contention is that CEO economic conservatism impairs CE because it undermines cooperative decision-making by the TMT. Cooperation reflects positive interdependence among team members; the rewards for each team member are based on the effective actions of others, and team members are encouraged to mutually support one another. In contrast, competition represents situations under which team members are encouraged to maximize their individual performance (Deutsch, 1949, 2006).

**CEO economic conservatism and cooperative strategic decision-making.** Political psychology research indicates that individuals' stance on cooperation is a core feature of economic ideology, but not social ideology (Duckitt et al., 2002; Thorisdottir et al., 2007; Van Hiel & Mervielde, 2004). Economically conservative people value individual achievements over shared goals and incentives (Feldman, 2003). They believe that competition for rewards is a healthy driver of group performance (Tetlock, 2000). For example, during our post-survey interviews, an economically conservative CEO noted:

I believe that we can better achieve our organizational goals by encouraging a healthy competitive atmosphere ... I have set up an individual-based assessment for measuring the performance of all employees (including top executives). Each year, usually the best workers and executives receive different prizes.

Conversely, economically liberal individuals emphasize that cooperation is essential to achieve desirable group outcomes (Sibley & Duckitt, 2013). Indeed, an economically liberal CEO in our sample said:

I don't think there is anything like healthy competition ... I concentrate more on those activities that foster the atmosphere of collaboration, positive interaction,

respect, and personal friendly relationships within my executive team.

Thus, economically liberal leaders tend to foster cooperation among individuals where success depends on mutual support while viewing competition as a destructive force (Tetlock, 2000).

We theorize that economic ideology shapes the extent to which CEOs engender more or less cooperation in the rewards and goals of TMT members. According to CEO-TMT interface research, CEOs guide, direct, and manage the structure of incentives, goals, and interrelationships in strategic decision-making (Ling et al., 2008; Simsek et al., 2005). CEOs develop goals, expectations, and relationship structures in strategic decision-making in ways that are congruent with their own values (Chin et al., 2013; Chin & Semadeni, 2017). As such, we posit that economically conservative CEOs' preference for individual achievement prompts them to downplay cooperation, instead emphasizing individualized goals and incentives in strategic decision-making. In contrast, economically liberal CEOs tend to foster greater cooperation in strategic decision-making by setting shared goals and developing interdependent strategic decision-making to align individual goals with the shared common goals.

### Cooperative strategic decision-making and CE.

Coordinating and aligning the interests across various units is critical for CE opportunity identification and implementation (Chen & Nadkarni, 2017). We first posit that cooperative strategic decision-making helps identify CE opportunities by “connecting the dots.” Cooperative structures with shared goals and rewards within TMTs improve communication and coordination among TMT members, who are in charge of key functions and units (Barrick, Bradley, Kristof-Brown, & Colbert, 2007; Hambrick, Humphrey, & Gupta, 2015). As such, cooperative TMTs are likely to better understand the capabilities and resources across their firms and thereby better identify CE opportunities. Indeed, CE literature defines a vital role of senior managers as acting “in concert with others throughout the firm to identify effective means through which new businesses can be created or existing ones reconfigured” (Hornsby et al., 2009: 236). Besides, through interaction and information sharing, cooperative TMTs can better develop a coherent organizing framework, which helps develop new ideas (Ling et al., 2008; Nonaka, 1994). Conversely, if TMT members do not understand other divisions, their firm faces greater challenges, especially in exploring

new opportunities (Lubatkin, Simsek, Ling, & Veiga, 2006). Moreover, competitive TMTs can withhold or even distort the information among the TMT (Eisenhardt & Bourgeois, 1988; Shi, Connelly, & Sanders, 2016), creating significant barriers to identifying CE opportunities.

Cooperative strategic decision-making is also essential for the successful implementation of CE opportunities. First, cooperative teams help members share information more comprehensively to identify problems early (Tjosvold, Wong, & Chen, 2014). As more cooperative structures improve communication and coordination among strategic decision-makers (Barrick et al., 2007; Hambrick et al., 2015), cooperative TMTs can better identify potential barriers to executing CE activities (Ling et al., 2008). Second, cooperative TMTs are better positioned to work with one another to address both foreseeable and unforeseen barriers in executing CE. Research suggests that greater interaction between strategic decision-makers in the organization enhances the ability to solve problems in businesses (Salvato & Vassolo, 2018; Tushman & Nadler, 1978). In reverse, the lack of interaction and communication among top

executives can prevent their units from synchronizing in a timely manner to execute CE.

In sum, we propose that CEO economic conservatism impairs CE because economically conservative CEOs' preference for individualized goals and incentives in strategic decision-making processes leads them to downplay cooperation within the TMT. Taken together, we hypothesize:

*Hypothesis 3. CEO economic conservatism negatively impacts CE.*

*Hypothesis 4. The impact of CEO economic conservatism on CE is mediated by cooperative strategic decision-making processes within the TMT.*

## RESEARCH CONTEXT: POLITICAL SYSTEM IN IRAN

Past research on executive political ideology has been conducted almost exclusively in the empirical context of the United States, which has high ideology constraint due to its well-entrenched biparty system. In contrast, Iran is an archetypal low ideology-

**TABLE 1**  
**Differences in Political Party Systems of the United States and Iran based on Degree of Ideology Constraint**

Political party system	United States (high ideology-constrained political context)	Iran (low ideology-constrained political context)
Party discipline	<i>Strong biparty discipline:</i> Each party, which lies at opposite ends of the conservative (Republican) and liberal (Democratic) continuum, officially designates or elects a "whip" to enforce party discipline. Members rarely vote against the wishes of their party.	<i>Weak multiparty discipline:</i> Members of parties, which widely range in the various combinations of social and economic ideologies along the conservative and liberal continuum, cross political lines to vote for what they personally believe in or benefits their constituents and supporters.
Party platform	<i>Detailed party platform or manifesto:</i> Each party has a clearly laid out party platform with a formal set of principles and goals to garner the support and votes of the public about complicated topics or issues along party lines.	<i>Little or no party platform:</i> Statements are issued about positions on individual issues through informal discussions among party leaders with no formal party platform or manifesto. Parties deviate in their positions from (social or economic) issue to issue without any clearly set overarching party manifesto.
Party membership	<i>Closed party membership:</i> People have to formally register with each party (Republican or Democratic), and only officially registered members of the party can vote in the primary elections to elect the official candidates of the party.	<i>Open and unofficial membership:</i> Neither a formal process of party registration nor an official log or list of members, who claim to be affiliated with a political party, is maintained.

*Note:* Although the political party systems are not identical to those of the United States or Iran, other countries with high ideology constraints include the United Kingdom and Australia, and other countries with low ideology constraints include India, Brazil, and Poland (for a full list of countries, see Malka et al., 2014).

constrained context with its multiparty system, frequent reshuffling of political parties, and unclear party manifestos (Mohseni, 2016). For example, more than 250 parties contested Iran's parliamentary elections in 2016 (Reuters, 2016). Parties frequently emerge to support specific candidates who lack clear manifestos, and it is often the reputations of these individual candidates, rather than party platforms, that drive voting (Reuters, 2016). Thus, boundaries among political parties are fluid, unlike in the U.S. system (Buchta, 2000; Sfeir, 2007). There is an "absence of a clear programmatic ideology and political platform within the party" (Mohseni, 2016: 42). Table 1 highlights key differences between the political systems of the United States, a high ideology-constrained context, and Iran, as a low ideology-constrained context.

Iran has political factions that are loosely formed coalitions of political parties, which vary across a broad spectrum of combinations of social and economic ideologies. Four broad factions have been identified (Mohseni, 2016) based on the legitimacy of the regime (traditionalists vs. republicans), which is related to social ideology, and economic policies (right vs. left), which reflects economic ideology. Traditionalists believe that the rule and guardianship of the regime are divinely ordained and should guide people in society (*Velāyat Faqih*), whereas republicans argue that the ultimate authority of the regime should rest with the people. Rightists advocate individual autonomy and competition through a free market and a small government, whereas leftists support greater cooperation in society through the redistribution of wealth by government and oppose free trade. However, these four overall factions have formed various alliances with each other over the past four decades: traditionalists and republican right (1989–1996, 2013–2016), republican right and left (1997–2004, referred to as Reformists or *Eslāh-Talabân*), and traditionalist right and left (2004–2013, referred to as Principlists or *Osul-Garāyân*) (Buchta, 2000; Crane, Lal, & Martini, 2008; Mohseni, 2016). These fluid political coalitions reduce the ideological constraint and trigger a greater degree of freedom in expressing social and economic ideologies by individuals.

## METHODS

### Sample and Data Collection

We selected SMEs from six Iranian provinces that varied in economic development: Bushehr, Khuzestan, Yazd, Hormozgan, Fars, and Kerman. Bushehr and Khuzestan were among the top five provinces in terms of gross domestic product per capita, Yazd and

Hormozgan were in the middle, and Fars and Kerman ranked among the lowest. These provinces are geographically in central, southeast, and southwest Iran. Due to these variations in economic context and geographic location, SMEs in these provinces reflect a microcosm of the various challenges and opportunities SMEs face in Iran. In addition, we had good access to the CEOs and TMTs in these regions (our multi-wave and multi-informant survey design did require considerable access to and commitment from CEOs and TMTs in responding to surveys).

We obtained the list of SMEs from the government database of the Iranian Small Industries & Industrial Parks Organization. The list contains 566 SMEs in these provinces. We contacted these firms, and 278 CEOs agreed to participate in the study. One of the coauthors and his research assistants visited these firms and met with the CEOs. Following prior studies, we asked the CEOs to identify executives who directly report to them and with whom they work closely and regularly in making strategic decisions (Ling et al., 2008; Tang, Nadkarni, Wei, & Zhang, 2020). To ensure the confidentiality of survey responses, we instructed the CEOs and TMT members to return answered surveys in sealed envelopes.

We followed the established back-translation procedure to design our survey (Qian, Cao, & Takeuchi, 2013). Two raters (not authors) fluent in English and Persian translated the original English survey into Persian independently, and two other raters (not authors) independently back-translated the Persian survey into English (Boyd, Bergh, Ireland, & Ketchen, 2013). We pilot-tested the survey with 15 executives from Iran (not part of the main sample) to receive feedback on the clarity and relevance of the measures to the Iranian context.

We administered the surveys in three time periods. At time *T1*, we collected data on CEO social and economic ideologies (independent variables) and controls. Three months later (*T2*), we conducted the strategic decision-making surveys (mediators), and another six months later (*T3*), we collected data on CE from CEOs and TMT members (dependent variable). The use of temporal separations and multiple key informants in the study helps alleviate common method bias and strengthens the inference of directionality between CEOs' social and economic ideologies, strategic decision-making processes, and CE (Podsakoff, MacKenzie, Lee, & Podsakoff, 2003).

We retained only those SMEs from which we received completed responses from the CEO and at least three TMT members in all three waves (Tang et al., 2020). The resultant sample of 192 firms from



10 industries constituted a response rate of 69%. Our high response rate is consistent with certain recent CEO studies conducted outside of the United States using similar data collection procedures (e.g., Cao, Simsek, & Jansen, 2015: 61%). An average of 4.12 TMT members, representing an average of 91.1% of the total TMTs in the sampled SMEs, responded to the survey. To test selection bias, we used the unpaired *t*-test to compare our final sample with nonresponding firms in terms of age ( $F = 0.02$ ,  $p = .90$ ) and size ( $F = 0.25$ ,  $p = .62$ ) of firms, as well as age ( $F = 0.23$ ,  $p = .63$ ), gender ( $F = 0.04$ ,  $p = .85$ ), and tenure ( $F = 0.14$ ,  $p = .71$ ) of TMTs, and the results suggest that the sample did not suffer from selection bias.

### Measurement of CEO Social and Economic Conservatism

**Social and economic ideology scales.** Political psychologists have demonstrated the validity of the social and economic ideology items across diverse nations, including Iran (e.g., Malka et al., 2014). Still, we conducted a pilot-testing with Iranian scholars and executives to confirm the content and face validities of the ideology scales in Iran. After we compiled the survey items from previous studies (Evans, 1997; Malka et al., 2014; Treier & Hillygus, 2009; Weber & Federico, 2013), five scholars from Iran reviewed each item for its appropriateness to the Iranian context, especially the extent to which it may be sensitive or offensive (e.g., homosexuality, abortion, and military policy). Avoiding such sensitive and controversial issues helps enhance the quality of the responses (Rosenfeld, Imai, & Shapiro, 2016).

Next, we tested the content validity of the items by using a widely recommended sorting technique (Anderson & Gerbing, 1991). Twenty senior executives of SMEs (not part of the main sample) and five academics from Iran (different from those who helped generate the original items) sorted each item into either social ideology or economic ideology based on their definitions. The substantive-validity coefficient  $C_{sv}$  was 0.985, indicating high expert consensus for the items (Anderson & Gerbing, 1991). The sorting exercise helps to confirm the distinctness of social and economic ideologies.

In sum, we measured social conservatism using five items to capture the beliefs and preferences for relevant traditional norms in Iran: collectivism (Hofstede, 2001; Nazarian, Irani, & Ali, 2013; Yeganeh & Su, 2007), environmental protection (Helfaya, Kotb, & Hanafi, 2018; Soltani, Syed, Liao, & Iqbal, 2015), and concerns about diversity (Crane et al., 2008; Elling &

Saleh, 2016; Hassan, 2007). We also measured economic conservatism using six items that capture beliefs about cooperation in society and economic inequality. Both used a 5-point Likert scale (from 1 = *strongly disagree* to 5 = *strongly agree*), and Appendix A presents the items of all the key study variables.

**Scale validation pilot study.** To validate the scale of social and economic ideology in Iran, we conducted an additional survey with a sample of 178 students (75 graduates and 103 undergraduates) from a major university in Iran. The students were enrolled in varied disciplines, encompassing business (51), engineering (42), sciences (40), law (19), economics (18), and accounting (8). This sample size of 178 exceeds the recommended item-to-response ratio (Schwab, 1980). Confirmatory factor analysis indicated that the 11 items loaded on the two theorized factors ( $\chi^2 = 244.26$ , CFI = .93, RMSEA = .10, TLI = .92, SRMR = .05). The chi-squared difference test ( $\Delta\chi^2 = 859.98$ ,  $p < .001$ ) confirmed that the two-factor model had a superior fit to that of the one-factor model ( $\chi^2 = 1104.24$ , CFI = .51, TLI = .43, RMSEA = .28). The reliability alpha values of social conservatism and economic conservatism were .92 and .93, respectively.

We further tested the criterion validity of the scale based on the differential relationships of social conservatism and economic conservatism within their distinct nomological networks. We chose the need for cognitive closure (the desire for a definite answer to a question), which relates to social but not economic ideology, and economic individualism (perceived locus of responsibility for personal economic welfare), which relates to economic but not social ideology (Duckitt & Sibley, 2010). We used Tetlock's (2000) items for the need for cognitive closure and Feldman's (1982) items for economic individualism. Consistent with prior findings, our results showed that need for cognitive closure was positively related to social conservatism ( $r = .51$ ,  $p < .001$ ,  $F = 69.01$ ,  $p < .001$ ,  $\alpha = .90$ ) but not to economic conservatism. Similarly, as expected, economic individualism was positively related to economic conservatism ( $r = .42$ ,  $p < .001$ ,  $F = 102.75$ ,  $p < .001$ ,  $\alpha = .92$ ) but not to social conservatism. Overall, these results confirmed the convergent and discriminant validities of social and economic ideologies for the Iranian context with a low ideology constraint.

**CEO political ideologies in the main sample.** The main data on CEO political ideologies, reported by CEOs at T1, demonstrated a good model-data fit for the theorized two-factor model separating social and economic conservatism ( $\chi^2 = 243.08$ , CFI = .95, RMSEA = .08, TLI = .94, SRMR = .04). The two-

factor model was superior ( $\Delta\chi^2 = 1532.83, p = .00$ ) to the one-factor model ( $\chi^2 = 1775.90$ , CFI = .56, TLI = .45, RMSEA = .25). The reliability alpha values were high for social conservatism (.88) and economic conservatism (.91). These findings in Iran are consistent with prior cross-country studies that overwhelmingly support the distinctness of social and economic ideologies across countries (Malka et al., 2014; Thorisdottir et al., 2007).

### Measurement of Other Variables

**Strategic decision-making.** In *T2*, the CEOs and TMTs completed a survey with strategic decision-making scales. We used a four-item validated scale that captures *intuitive strategic decision-making* (Covin, Slevin, & Heeley, 2001). The metrics at the TMT level (ICC(1) = .20, ICC(2) = .49,  $r_{WG(j)} = .62$ ) (Bliese, 2000) justified the aggregation of the responses at the TMT level ( $\alpha = .91$ ). We assessed *cooperative strategic decision-making* using a validated 5-item scale (Alper, Tjosvold, & Law, 1998; Zhang, Hempel, Han, & Tjosvold, 2007). It captured the essence of cooperative decision-making—the extent to which members perceived rewards or goals in their team as interdependent. Here too, the checks for aggregation of the scale at the TMT level values (ICC(1) = .23, ICC(2) = .55,  $r_{WG(j)} = .69$ ) justified the aggregation of the responses of TMT members ( $\alpha = .94$ ). All the items of intuitive strategic decision-making and cooperative strategic decision-making are presented in Appendix A.

**CE.** In *T3*, the CEOs and TMTs reported CE through reference to a widely used and validated 15-item formative scale with three underlying dimensions: innovation, corporate venturing, and strategic renewal (Ling et al., 2008). We modeled CE as a second-order factor subsuming three first-order factors, as has been done in prior studies (Chen & Nadkarni, 2017; Ling et al., 2008). The model–data fit was strong for this higher-order CE model ( $\chi^2 = 102.58$ , CFI = .995, TLI = .994, RMSEA = .028) and poor for the one-factor model ( $\chi^2 = 2163.65$ , CFI = .364, TLI = .258, RMSEA = .314) (Ling et al., 2008; Simsek & Heavey, 2011; Zahra, 1996). The within-TMT agreement of the scales showed acceptable values for an aggregated CE of the TMT members (ICC(1) = .20, ICC(2) = .51,  $r_{WG(j)} = .87$ ). Following prior studies, we averaged the z-scores of the three factors to derive CE ( $\alpha = .91$ ) (Chen & Nadkarni, 2017; Simsek & Heavey, 2011).

**Control variables.** We controlled for five firm-level variables using data collected in *T1*: firm age (number of years since incorporation) (Ling et al., 2008); firm

size (number of employees); percentage of R&D expenses over the total firm expenses (coded “1,” 0–20%, to “5,” 80–100%); sales compared with prior year (“1,” lower, “2,” equal, or “3,” higher); and slack resources. Older or larger firms tend to become more inertial and act less entrepreneurially (Simsek & Heavey, 2011; Zahra, 1996), whereas R&D spending fosters entrepreneurial activities. Higher performance (sales) and slack provide the resources needed to implement CE initiatives, which are typically costly (Zahra, 1996). We measured slack with the four-item measure of Ling et al. (2008). We averaged the slack resource ratings of individual TMT members into an aggregated measure ( $\alpha = .83$ ; ICC(1) = .30, ICC(2) = .63,  $r_{WG(j)} = .84$ ). We included dummy variables for service, manufacturing, and regulated industries to control for industry-level characteristics.

Given that TMT demographic diversity variables can shape CE (Ling et al., 2008), we controlled for three demographic diversities: firm tenure, functional background, and ethnicity. We measured firm tenure by the number of years each TMT member had worked in the firm; functional background by ten categories, including sales and marketing, manufacturing, and finance; and ethnicity according to five common ethnic group categories in Iran. Following prior literature, we calculated tenure diversity with the coefficient of variation and computed functional background and ethnicity diversity using Blau's index (Qian et al., 2013). We controlled for TMT size (number of TMT members) as well (Tang et al., 2020). We included dummy variables for CEO education (coded “1” for graduate degrees) and tenure (“1” if longer than five years) as control variables, given that both affect CEOs' skills and abilities in precipitating innovation and change (Barker & Mueller, 2002).

### Estimation

We tested the effects of CEO social and economic conservatism on CE (Hypotheses 1 and 3) by using ordinary least squares (OLS). To test Hypotheses 2 and 4 (i.e., the effects of CEO social and economic conservatism on CE via intuitive and cooperative strategic decision-making), we used bootstrapping procedures (Hayes, 2013; Preacher, Rucker, & Hayes, 2007). The bootstrapping procedures can explicitly estimate the effects of independent variables on outcome variables through proposed mediators. Bootstrapping is a non-parametric approach to hypothesis testing that imposes no assumptions about the shape of the distributions or the sampling distributions of the statistics (Zhao, Lynch, & Chen, 2010: 200).

We tested the mediation hypotheses by specifying an indirect effects model with Hayes's (2013) PROCESS macro (model 4). In this model, the significance of the indirect paths from the independent variables (in our analysis, CEO social and economic conservatism) to the dependent variable (CE) through the mediators (intuitive and cooperative strategic decision-making) is explicitly estimated by a coefficient. This coefficient is the product of (a) the path coefficient from the independent variable to the mediator and (b) the path coefficient from the mediator to the dependent variable. We estimated these indirect effects using 95% confidence intervals (CIs) using 5,000, 10,000, and 20,000 bootstrap samples, and produced consistent results. We report the results based on 20,000 bootstrap samples.

## RESULTS

Table 2 shows the descriptive statistics and correlations among the study variables. For all models, the variance inflation factors (1.79 to 1.86) are well below the recommended threshold of 10 (Hair, Anderson, Tatham, & Black, 1995), indicating that the findings are unaffected by multicollinearity.

Table 3 presents the OLS results. Specifically, Models 1–3 test the direct effects of CEO social conservatism and CEO economic conservatism on CE (Hypotheses 1 and 3). Hypothesis 1 predicted that CEO social conservatism would be positively related to CE. As shown in Models 1 and 3, the coefficients of the CEO social conservatism variable are positive and significant ( $\beta = 0.12, p < .001$ ;  $\beta = 0.08, p = .04$ ), providing support for Hypothesis 1. Hypothesis 3 predicted that CEO economic conservatism would be negatively related to CE. As shown in Models 2 and 3, the coefficients of the CEO economic conservatism variable are negative and significant in Model 2 ( $\beta = -0.10, p < .001$ ) and negative and marginally significant in Model 3 ( $\beta = -0.06, p = .09$ ), consistent with Hypothesis 3. Overall, CEO social conservatism is positively associated with CE, whereas CEO economic conservatism is negatively associated with CE, showing their opposing effects on CE.

Hypotheses 2 and 4 predicted that the effects of CEO social conservatism and CEO economic conservatism on CE would be mediated by intuitive strategic decision-making and cooperative strategic decision-making, respectively. Before proceeding to our bootstrapping tests, we first verified that these mediators had the theorized relationships to CEO social conservatism and CEO economic conservatism. The coefficient of the CEO social conservatism variable in

TABLE 2  
Correlations and Descriptive Statistics

Variable	Mean	SD	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18
1 Corporate entrepreneurship	3.09	0.41																		
2 Intuitive strategic decision-making	3.97	1.06	.31																	
3 Cooperative strategic decision-making	4.02	1.08	.50	.33																
4 CEO social conservatism	3.52	0.89	.22	.50	.37															
5 CEO economic conservatism	2.64	1.05	-.18	-.31	-.52	-.59														
6 CEO tenure	0.97	0.17	-.04	.15	.17	.14	-.08													
7 CEO education	0.09	0.29	.09	.04	.03	-.04	.01	.06												
8 TMT tenure diversity	0.64	0.45	.04	.03	-.14	-.12	.19	.02	-.06											
9 TMT functional diversity	0.69	0.09	-.09	-.01	-.04	.02	.01	-.11	-.10	.03										
10 TMT ethnicity diversity	0.22	0.23	-.01	.12	.04	.14	-.10	.04	-.08	.02	.00									
11 TMT size	4.12	0.88	.03	-.03	-.04	.04	.02	-.11	.12	-.04	.50	.00								
12 Firm age	16.58	8.05	.06	.03	-.12	-.11	.28	.13	-.02	.62	-.10	-.03	-.05							
13 Firm size	65.58	41.02	.02	.05	-.05	-.11	.26	.08	.04	.21	-.09	.01	-.08	.45						
14 Firm sales	1.94	0.81	-.06	.02	.06	.14	-.23	.02	-.04	-.24	.11	-.06	.01	-.22	-.17					
15 Firm R&D	1.73	0.87	.16	.03	.04	.05	-.05	-.02	-.03	.04	-.07	-.01	-.01	.08	.13	.03				
16 Firm slack resources	3.17	0.67	-.08	-.04	-.04	.03	-.04	-.05	.09	.05	-.02	.06	.03	.04	.07	-.16	-.08			
17 Service industry	0.29	0.46	-.12	-.11	-.13	-.02	-.04	-.02	-.13	-.05	.01	-.02	-.09	-.17	-.34	.09	-.02	-.03		
18 Manufacturing industry	0.30	0.46	-.02	.06	.01	-.02	.09	.05	-.02	.15	.00	.01	-.12	.29	.47	-.14	.04	.09	-.43	
19 Regulated industry	0.26	0.44	.09	.02	.07	.03	.01	.11	-.03	-.02	-.06	.05	.02	-.07	-.02	.03	.07	.05	-.39	-.40

Notes: TMT, top management team. Correlations greater than .14 or less than -.14 are significant at  $p < .05$ .

TABLE 3  
OLS Results

Variable	Model 1		Model 2		Model 3		Model 4		Model 5		Model 6	
	Coef. (SE)	DV: CE <i>p</i>	Coef. (SE)	DV: CE <i>p</i>	Coef. (SE)	DV: CE <i>p</i>	Coef. (SE)	DV: Intuitive strategic decision-making <i>p</i>	Coef. (SE)	DV: Cooperative strategic decision-making <i>p</i>	Coef. (SE)	DV: CE <i>p</i>
Intuitive strategic decision-making												
Cooperative strategic decision-making												
CEO social conservatism	0.12 (0.03)	.00			0.08 (0.04)	.04	0.59 (0.10)	.00	0.10 (0.09)	.27	0.07 (0.03)	.01
CEO economic conservatism			-0.10 (0.03)	.00	-0.06 (0.04)	.09	-0.08 (0.09)	.40	-0.55 (0.09)	.00	0.05 (0.04)	.16
CEO tenure	-0.22 (0.14)	.13	-0.20 (0.16)	.21	-0.23 (0.15)	.12	0.45 (0.47)	.34	0.61 (0.44)	.17	-0.39 (0.12)	.00
CEO education	0.14 (0.09)	.10	0.13 (0.09)	.13	0.14 (0.08)	.09	0.17 (0.27)	.53	0.04 (0.28)	.88	0.12 (0.10)	.21
TMT tenure diversity	0.05 (0.08)	.56	0.03 (0.08)	.74	0.04 (0.08)	.65	0.16 (0.22)	.47	-0.17 (0.21)	.41	0.06 (0.07)	.41
TMT functional diversity	-0.44 (0.32)	.18	-0.40 (0.32)	.21	-0.41 (0.32)	.20	0.49 (0.98)	.62	0.08 (0.90)	.93	-0.46 (0.31)	.14
TMT ethnicity diversity	-0.08 (0.14)	.55	-0.07 (0.14)	.65	-0.09 (0.14)	.52	0.18 (0.31)	.56	-0.15 (0.32)	.64	-0.07 (0.12)	.54
TMT size	0.02 (0.04)	.62	0.03 (0.04)	.49	0.02 (0.04)	.56	0.09 (0.09)	.31	-0.05 (0.08)	.54	0.04 (0.04)	.26
Firm age	0.00 (0.01)	.71	0.00 (0.01)	.41	0.00 (0.01)	.51	0.00 (0.01)	.95	0.00 (0.01)	.90	0.00 (0.00)	.47
Firm size	-0.00 (0.00)	.84	0.00 (0.00)	.98	0.00 (0.00)	.95	0.00 (0.00)	.62	0.00 (0.00)	.57	-0.00 (0.00)	.68
Firm sales	-0.04 (0.04)	.31	-0.05 (0.04)	.22	-0.05 (0.04)	.21	-0.05 (0.09)	.54	-0.12 (0.09)	.18	-0.02 (0.04)	.51
Firm R&D	0.07 (0.03)	.03	0.06 (0.03)	.04	0.06 (0.03)	.04	0.00 (0.08)	.98	-0.01 (0.08)	.94	0.06 (0.03)	.03
Firm slack resources	-0.07 (0.04)	.12	-0.07 (0.04)	.10	-0.07 (0.04)	.09	-0.11 (0.11)	.33	-0.09 (0.10)	.35	-0.05 (0.04)	.24
Service industry	-0.10 (0.12)	.42	-0.08 (0.12)	.49	-0.08 (0.12)	.48	-0.32 (0.19)	.10	-0.31 (0.22)	.15	0.00 (0.11)	.99
Manufacturing industry	-0.06 (0.13)	.65	-0.05 (0.13)	.72	-0.05 (0.13)	.68	-0.14 (0.21)	.53	-0.04 (0.25)	.89	-0.03 (0.12)	.76
Regulated industry	0.03 (0.12)	.81	0.05 (0.12)	.67	0.04 (0.12)	.70	-0.17 (0.20)	.39	0.07 (0.22)	.76	0.04 (0.11)	.69
Intercept	3.64 (0.28)	.00	3.60 (0.31)	.00	3.65 (0.29)	.00	3.75 (0.85)	.00	4.18 (0.80)	.00	2.55 (0.31)	.00
<i>F</i>	2.64	.00	2.35	.00	2.68	.00	5.63	.00	7.03	.00	6.49	.00
Observations ( <i>N</i> )	192		192		192		192		192		192	

Note: CE, corporate entrepreneurship; TMT, top management team.



Model 4 is positive and significant ( $\beta = 0.59, p < .001$ ), consistent with our theorizing that social conservatism would be positively related to intuitive strategic decision-making. The coefficient of the CEO economic conservatism variable in Model 5 is negative and significant ( $\beta = -0.55, p < .001$ ), consistent with our theorizing that economic conservatism would be negatively related to cooperative strategic decision-making. Next, we also examined how the direct effects of CEO social conservatism and CEO economic conservatism changed when the proposed mediators were added to Model 3. These results are shown in Model 6. The insignificant effects of CEO social and economic conservatism ( $\beta = 0.02, p = .62; \beta = 0.05, p = .16$ ) and the significant effects of the mediators, intuitive strategic decision-making ( $\beta = 0.07, p = .01$ ) and cooperative strategic decision-making ( $\beta = 0.20, p < .001$ ), are consistent with our theorizing about mediation.

Table 4 reports the formal tests of our mediating hypotheses (Hypotheses 2 and 4) using bootstrapping to explicitly estimate these indirect effects (Preacher et al., 2007). CEO social conservatism exerts a significant *positive* indirect effect on CE via intuitive strategic decision-making ( $\beta = 0.04, 95\% \text{ CI } [0.01, 0.09]$ ), providing support for Hypothesis 2. The direct effect of CEO social conservatism on CE is not significant ( $\beta = 0.02, 95\% \text{ CI } [-0.06, 0.10]$ ), suggesting a full mediation. CEO economic conservatism exerts a significant *negative* indirect effect on CE via cooperative strategic decision-making ( $\beta = -0.11, 95\% \text{ CI } [-0.16, -0.07]$ ), providing support for Hypothesis 4. The insignificant direct effect of CEO economic conservatism on CE suggests a full mediation ( $\beta = 0.05, 95\% \text{ CI } [-0.02, 0.12]$ ).

Moreover, the indirect effect of CEO social conservatism via cooperative strategic decision-making is not significant ( $\beta = 0.02, 95\% \text{ CI } [-0.02, 0.06]$ ) and the indirect effect of CEO economic conservatism via intuitive strategic decision-making is not significant ( $\beta = -0.01, 95\% \text{ CI } [-0.02, 0.01]$ ), which implies social conservatism and economic conservatism function distinctly through different paths in accordance with the core contention of this study. Also, in Models 4 and 5 of Table 3, statistical comparisons showed that the regression coefficients of social and economic conservatism are significantly different on intuitive decision-making ( $p < .001$ ) and cooperative decision-making ( $p < .001$ ). Hence, social ideology drives intuitive decision-making, whereas economic ideology drives cooperative decision-making, further evidencing the distinct mechanisms posited in Hypothesis 2 and Hypothesis 4. We also examined whether CEO social and economic conservatism interacted on intuitive strategic decision-making, cooperative decision-making, and CE. However, we did not find any significant results. Taken together, the results indicate that the impacts of social and economic conservatism are distinct in a manner that is consistent with the core contention of our study.

**Endogeneity.** To examine potential endogeneity issues, we used an impact threshold for a confounding variable (ITCV), which determines the minimum correlations with an omitted variable required to overturn the results from significant to insignificant (Frank, 2000). Specifically, we checked the ITCV to examine whether the significant results for our theorized relationships between the independent variables and the mediators and between the mediators and the

TABLE 4  
Bootstrapping Results

	Effect size	SE	z	$p >  z $	95% CI (lower)	95% CI (upper)
<i>CEO social conservatism</i>						
Indirect effects on CE:						
via intuitive strategic decision-making	0.04	0.02	2.41	0.02	0.01	0.09
via cooperative strategic decision-making	0.02	0.02	1.01	0.31	-0.02	0.06
Total indirect effects	0.06	0.03	2.41	0.02	0.02	0.12
Direct effects on CE	0.02	0.04	0.49	0.62	-0.06	0.10
<i>CEO economic conservatism</i>						
Indirect effects on CE:						
via intuitive strategic decision-making	-0.01	0.01	-0.75	0.46	-0.02	0.01
via cooperative strategic decision-making	-0.11	0.02	-4.53	0.00	-0.16	-0.07
Total indirect effects	-0.11	0.03	-4.42	0.00	-0.17	-0.07
Direct effects on CE	0.05	0.04	1.36	0.17	-0.02	0.12

Note: CE, corporate entrepreneurship.

TABLE 5  
The Impact of Threshold for a Confounding Variable (ITCV)

	Model 1		Model 2		Model 3		Model 4	
	DV: Intuitive strategic decision-making		DV: Cooperative strategic decision-making		DV: CE		DV: CE	
	IV: Social conservatism		IV: Economic conservatism		IV: Intuitive strategic decision-making		IV: Cooperative strategic decision-making	
	ITCV (1)	Impact (2)	ITCV (3)	Impact (4)	ITCV (5)	Impact (6)	ITCV (7)	Impact (8)
CEO social conservatism	0.3794		-0.4369		0.1501	0.0581	0.3767	0.0112
CEO economic conservatism						0.0079		0.0526
CEO tenure		0.0259		-0.0255		-0.0083		-0.0112
CEO education		-0.0008		-0.0005		0.0050		0.0013
TMT tenure diversity		-0.0012		0.0016		0.0020		-0.0021
TMT functional diversity		-0.0005		-0.0011		-0.0035		-0.0006
TMT ethnicity diversity		0.0136		-0.0018		-0.0025		0.0021
TMT size		-0.0020		-0.0005		-0.0033		-0.0018
Firm age		0.0003		-0.0121		0.0003		0.0005
Firm size		0.0038		-0.0117		0.0002		0.0002
Firm sales		0.0037		-0.0049		0.0046		0.0106
Firm R&D		0.0045		-0.0077		0.0002		-0.0008
Firm slack resources		-0.0020		-0.0005		0.0095		0.0081
Service industry		0.0055		-0.0120		0.0061		0.0060
Manufacturing industry		0.0000		-0.0009		0.0015		0.0004
Regulated industry		0.0014		-0.0028		-0.0017		0.0007

Note: CE, corporate entrepreneurship.

dependent variable were robust to potential endogeneity. In Models 1 and 2 of Table 5, we examine whether omitted confounding variables can drive the significant effects of CEO social and economic conservatism on intuitive and cooperative strategic decision-making, respectively (Models 4 and 5 of Table 3). In Models 3 and 4 of Table 5, we investigate whether omitted confounding variables drive the significant effects of intuitive and cooperative strategic decision-making on CE, respectively (Model 6 of Table 3).

Columns (1), (3), (5), and (7) of Table 5 report the “ITCV,” which is defined as the product of the correlation between an independent variable (CEO social and economic conservatism in Models 1 and 2; intuitive and cooperative strategic decision-making in Models 3 and 4) and the confounding variable and the correlation between a dependent variable (intuitive and cooperative strategic decision-making in Models 1 and 2; CE in Models 3 and 4) and the confounding variable. To invalidate the significant effects of the independent variables, the absolute value of the impact of possible confounding omitted variables must be greater than the absolute value of the ITCV in these columns. To determine whether the ITCV is high enough to conclude that OLS results are robust to omitted variable concerns (Frank, 2000), we followed prior studies (e.g., Larcker & Rusticus, 2010) to report the impact of control variables used in our study—see columns (2), (4), (6), and (8). The “impact” is defined as the product of the partial correlation between the independent variable and the control variable and the partial correlation between the dependent variable and the control variable.

The impact values of the control variables we include in our regressions are substantially lower than the value of ITCV in Models 1–4. For example, in Model 1, CEO tenure shows the largest impact, with a value of 0.0259, while the ITCV is 0.3794. Given the substantially lower impact values across Models 1–4 in Table 5, it is reasonable to conclude that there is unlikely to be a confounding variable with its absolute value of an impact higher than the absolute values of ITCV (Frank, 2000; Larcker & Rusticus, 2010). As such, the significant OLS results for our theorized relationships reported in Table 3 are not likely to be overturned to insignificant by endogeneity resulting from a confounding omitted variable.

Although the ITCV results suggest that our results are unlikely to be biased by certain confounding factors, we also conducted a two-stage least squares regression analysis to further examine potential endogeneity issues. In this analysis, we instrumented four

key variables: CEO social and economic conservatism, intuitive and cooperative strategic decision-making. The CEO social and economic conservatism instruments were based on CEO ethnic background and affiliations. The intuitive and cooperative strategic decision-making instruments were based on conflicts within TMT, proactiveness, and team identification. All the statistics for these analyses (*F*-test statistics in the first stage, Anderson canonical correlations LM statistics, and Sargan test statistics) confirmed the relevance and exogeneity of the instrumental variables. Likewise, the results of the two-stage least squares analyses generated consistent support for our hypothesized relationships, suggesting that our findings are robust to potential endogeneity issues.<sup>3</sup>

## DISCUSSION

This study makes multiple important contributions by integrating political psychology with research on upper echelons theory and CE. First, we advance scholarly understanding of the behavioral impacts of executive political ideology on strategic decision-making processes and firm-level strategic outcomes by disentangling two distinct constructs—social and economic ideologies. In doing so, we expand the scope of current theory on executive political ideology beyond the United States to contexts characterized by lower ideological constraint. This study also contributes to upper echelons theory by shedding light on the mechanisms through which CEO ideologies exert opposing effects on firm-level strategic outcomes. Lastly, by focusing on the virtue of intuitive decision-making, this study makes another contribution to the CE literature. Below, we further discuss these theoretical contributions, future research opportunities, and practical implications.

## Implications for Research and Practice

**Unpacking CEO ideology.** Our theory deviates from the predominant unitary conceptualization of CEO ideology. We demonstrate that social and economic ideologies have distinct impacts on TMT strategic decision-making processes and firm-level strategic outcomes. The opposing effects of CEO social and economic conservatism on CE through two strategic decision-making pathways of intuition and cooperation support the need to take a more nuanced approach to political ideology.

<sup>3</sup> Full explanations of the instrumental variables and the results of these analyses are available upon request.

We believe this alternative theorization of political ideology provides key insights and expands executive ideology literature.

Our findings that social and economic conservatism are distinct—and can be negatively correlated—imply that the unitary conceptualization based on the U.S. context does not hold in less ideology-constrained political contexts. Hence, the theorization on executive political ideology should expand its foundation beyond the U.S. context, as “there were substantially more nations in which cultural [social] and economic conservatism were negatively correlated” (Malka et al., 2019: 1054) and less ideology-constrained political systems are prevalent globally (Malka et al., 2014). Indeed, as one of the first studies on executive political ideology outside of the United States, our research aligns with March’s (2005) call for management scholarship to overcome parochialism by broadening theoretical scopes and advancing knowledge across different national contexts. Our research shows that the national context is especially relevant for executive political ideology studies, given that political systems influence the range of ideological expressions. Future executive political ideology research should delineate social and economic ideologies and their strategic implications unless the political context justifies a unitary conceptualization (e.g., a well-entrenched two-party system).

This study also offers important insight into how to rethink the current theory on executive ideology even *within* the highly constrained U.S. context. For example, previous research suggests that the single conservatism–liberalism construct explains various organizational outcomes, such as firm risk-taking tendencies (Christensen et al., 2015; Hutton et al., 2014) and resource allocation decisions among business units (Gupta et al., 2018). However, the risk-taking tendencies of firms might be due to social ideology, given that social liberalism, but not economic liberalism, is directly related to openness to new experiences (Duckitt & Sibley, 2010). Similarly, resource allocation decisions may owe more to economic ideology, given that economic liberalism, but not social liberalism, is related to individuals’ preferences on cooperative versus competitive relationships (Duckitt & Sibley, 2010). In other words, even if empirically current approaches are not problematic in the U.S. context, where a social liberal is more likely to be an economic liberal, distinguishing social and economic ideologies can enhance the precision of theory on executive political ideology.

Furthermore, this study addresses the failures of current theory in explaining some populations even

in the U.S. context, as some U.S. individuals are socially liberal but economically conservative (e.g., libertarians or “Wall Street Conservatives”) or socially conservative but economically liberal (e.g., “Blue Dog Conservatives”). For example, U.S. hedge fund billionaire Leon Cooperman vented his frustration about the unitary conservative manifesto of the Republican party, noting, “I tend to be more Republican in my views, but socially very liberal. I’m going to have trouble with any Republican that does not disavow a fixation with social issues” (Insider Inc., 2015, para. 6). Individuals like Cooperman are unaccounted for in a unitary conceptualization of political ideology. In this sense, our study provides a critical theoretical lens that allows researchers to theorize more accurately about how all CEOs—including those with less common ideological configurations in the United States—affect decision-making and outcomes.

This alternative conceptualization of executive political ideology suggests ample new research opportunities. For example, our findings that social and economic ideologies differentially impact firm-level strategic outcomes suggest that future research might examine whether and how social and economic ideologies may uniquely predict behaviors and outcomes at various levels within organizations; examples include organizational culture, employees’ organizational citizenship behaviors or intention to leave. Future research may find that certain outcomes can be explained by mostly one of the two ideologies, to show further how our conceptualization of executive political ideology works in organizations.

**Upper echelons theory.** The results of this study shed light on the black box in strategic leadership research by highlighting how CEOs’ dispositions influence their organizations. Prior research on the strategic ramifications of executive political ideology has not theorized about the mechanisms through which CEO political ideology impacts firm strategic outcomes (e.g., Chin et al., 2013; Christensen et al., 2015). The lack of variables to model mechanisms “moves researchers farther and farther away, both empirically and theoretically, from the actual mechanisms underlying observed relationships” (Lawrence, 1997: 16). As a result, we know little about *how* CEO political ideology affects strategic behaviors—a theoretical black box that undermines theoretical development. By delineating the strategic decision-making pathways through which CEO social and economic conservatism affects CE, our study makes important contributions by lending conceptual and empirical precision to the intervening mechanisms and advancing theory on executive ideology.



Specifically, this study first focuses on information processing, a core yet under-researched mechanism in upper echelons theory. By theorizing and testing TMTs' degree of reliance on experience-based intuition versus extensive information search, this study enhances our understanding of TMT information processing as a core mechanism of upper echelons theory. Furthermore, despite upper echelons scholars' claim that "descriptions of strategic decision-making processes typically emphasize the relevance of processes that involve a group of top managers interacting toward desired ends" (Finkelstein et al., 2009: 122), the impact of interdependent relationships among TMT members has been understudied in upper echelons theory (Hambrick et al., 2015). As such, our theory also contributes to upper echelons theory by focusing on interactions in TMTs' strategic decision-making processes as a central means for CEO values to influence strategic behaviors.

Future research could further examine the "black box" in upper echelons theory by identifying more mechanisms through which social and economic ideologies impact other critical strategic decisions, such as strategic flexibility, diversification, and mergers and acquisitions (Chen & Nadkarni, 2017; Tang et al., 2020). For instance, CEO social conservatism may shape power dynamics within the TMT, which is important to better understanding strategic decision-making (Finkelstein et al., 2009). Similarly, based on team fault line theories, different combinations of the social and economic ideologies of group members may lead to distinct organizational outcomes (Lau & Murnighan, 1998). Considering the interplay of these two ideologies at the TMT level may help to better understand the processes of upper echelons theory.

**CE literature.** Our study makes another important contribution to CE literature by theorizing the virtue of intuitive strategic decisions versus analytic strategic decisions. Strategy literature has a long history of discussing the potential drawback of analytic strategic decision-making based on a rational economic paradigm (Forbes, 2007; Fredrickson & Mitchell, 1984), especially in uncertain situations (Eisenhardt & Zbaracki, 1992; Forbes, 2007). Moreover, a stream of management literature highlights the virtue of intuitive decisions, especially under uncertainty and time pressure (Dane & Pratt, 2007). However, this literature has been overlooked in CE research, which is surprising, as CE is characterized by uncertainty and time pressure. To that end, our study not only provides important insight but also initiates a much-needed discussion in CE literature on the benefits of intuitive versus analytic decisions. Also, by focusing on

behavioral factors, such as intuition, our study helps connect CE research with the growing research on behavioral strategy.

**Practical implications.** This study also offers important practical implications by detailing strategic decision-making processes that can foster or impair CE. The findings of this study may help executives understand how their values could impact CE through strategic decision-making processes. As such, CEOs can be more deliberate in enhancing desirable effects and avoiding unintended consequences by adjusting strategic decision-making processes in ways compensating for their natural tendencies and ideologies. For example, socially liberal CEOs can encourage their TMT members to make decisions based on experience-based intuition rather than extensive searches for diverse information. Similarly, CEOs who are economically conservative and believe in the benefits of competition and individual-based rewards can promote cooperative strategic decision-making processes in the TMT by setting more shared goals and rewards to enhance CE.

## Limitations

Certain limitations warrant acknowledgment. To overcome the reliance in the prior executive ideology research on the United States, a high ideological constraint context, we conducted this research in Iran, a low ideological constraint context (e.g., Malka et al., 2014). However, our study alone does not empirically compare cross-culturally how the two CEO ideology constructs vary across different countries. Future studies might examine or even compare the strategic implications of distinguishing two ideologies across countries with varying ideology constraints. Future research may also explore the implications of social and economic ideologies in single-party contexts (e.g., China), which have unique ideology constraints.

While we aimed to study how CEOs' social and economic ideologies drive TMT decision-making processes, this study cannot explain the motivations of TMTs to follow CEOs' natural tendencies in strategic decision-making. Our study focuses on the observed decision-making processes instead of TMT members' motivations to behave in ways consistent with the CEO's political ideologies. Indeed, TMT motivations are largely unstudied in strategic leadership research,<sup>4</sup> and we call for future research to study the motivations for TMT behaviors.

<sup>4</sup> We are grateful to the reviewer who raised this important point.

Lastly, empirically, we adapted and validated the scale of ideologies to exclude certain controversial social issues (e.g., homosexuality and abortion) that are illegal or socially unacceptable in some countries. This contextualization means our customized items are, on the one hand, limited to those contexts, yet, on the other hand, offer a more suitable scale for researchers studying ideologies in such sensitive contexts.

## CONCLUSION

This is one of the first studies on executive ideology to distinguish social and economic ideologies. Our results indicate that the dominant unitary conceptualization of executive ideology—based on the high ideology-constrained U.S. context—does not hold in contexts with lower ideology constraints. We disentangle CEO social and economic ideologies and demonstrate their distinct strategic decision-making pathways to influence CE. As such, this study introduces an alternative conceptualization of executive political ideology that can be used to rethink current theory and extend its relevance. We believe this conceptualization can be instrumental in initiating new and essential research on political ideology in management.

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## APPENDIX A SURVEY ITEMS

Below are statements about your opinions. Please rate your agreement or disagreement with each item on a scale of 1 (*strongly disagree*) to 5 (*strongly agree*). There are no right or wrong answers. Please be open and truthful.

### ***Social Conservatism***

- Tougher regulations on business are needed to protect the environment.
- Companies should be required to give minorities preference in hiring in order to reduce discrimination against minorities. (*reverse coded*)
- Regulations to protect the environment are too much of a burden on business. (*reverse coded*)
- The best way to reduce crime is to address social problems causing crime (e.g., poverty and joblessness).
- The best way to reduce crime is to make sure that criminals are caught, convicted, and punished. (*reverse coded*)

### ***Economic Conservatism (all items are reverse coded)***

- Government should redistribute income from the better off to the less well off.
- Ordinary working people do not get their fair share of the nation's wealth.
- Government should spend a great deal on improving the life of people.
- Big business owners benefit at the expense of workers.
- There is one law for the rich and one law for the poor.
- Management will always try to get the better of employees if it gets the chance.

### ***Intuitive Strategic Decision-Making (Covin et al., 2001)***

- We rely principally on experienced-based intuition (rather than quantitative analysis) when making major strategic decisions.
- In general, our major strategic decisions are much more affected by industry experience and lessons learned than by the results of formal research and systematic evaluation of alternatives.

- Our major operating and strategic decisions nearly always result from extensive quantitative analysis of data. (*reverse coded*)
- Our major operating and strategic decisions are nearly always detailed in formal written reports. (*reverse coded*)

### ***Cooperative Strategic Decision-making (Alper et al., 1998; Zhang et al., 2007)***

- In strategic decision-making, our top management team members "swim or sink" together.
- In strategic decision-making, our top management team members seek compatible goals.
- In strategic decision-making, the goals of our top management team members go together.
- In strategic decision-making, when our top management team members work together, they usually have common goals.
- In strategic decision-making, our top management team members want each other to succeed.

### ***Corporate Entrepreneurship (Ling et al., 2008)***

Over the past year, this company has ... (1 = *strongly disagree*, 5 = *strongly agree*)

- spent heavily (well above the industry average) on product development
- introduced a large number of new products to the market
- acquired significantly more patents than its major competitors
- pioneered the development of breakthrough innovations in its industry
- spent on new product development initiatives
- entered new markets
- established or sponsored new ventures
- found new niches in current markets
- financed start-up business activities
- created new semi- and autonomous units
- changed its competitive approach (strategy) for each business unit
- reorganized operations, units, and divisions to ensure increased coordination and communication among business units
- redefined the industries in which it competes
- introduced innovative human resource programs
- been first in the industry to introduce new business concepts and practices

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