J PROD INNOV MANAG 2015;••(••):••–••

DOI: 10.1111/jpim.12275

The Influence of CEOs' Visionary Innovation Leadership on the Performance of High-Technology Ventures: The Mediating Roles of Connectivity and Knowledge Integration*

Odellia Caridi-Zahavi, Abraham Carmeli, and Ofer Arazy

Senior leaders play an essential role in facilitating knowledge creation processes and driving firms' innovation performance. However, little is known about the underlying relational mechanisms by which CEOs help build knowledge integration capability and drive firm innovation. We developed and tested a conceptual model about the ways in which CEOs shape a context conducive for knowledge creation processes and drive multiple innovation performance. A field, survey-based, study among small- to medium-sized technological ventures (SMVs) showed that CEO visionary innovation leadership (manifested by both vision for innovation and enactment of the vision through specific leadership behaviors) was positively related to a context of connectivity. Connectivity was related to firm knowledge integration capacity, which in turn resulted in enhanced firm innovation (new product quality, development speed, and product innovation). The findings also indicate direct links between CEO visionary innovation leadership and knowledge integration, and between connectivity and product innovation. Implications for theory and practice are discussed.

Introduction

Scholars have directed substantial efforts toward a better understanding of the link between executive leadership and firm performance using the lens of upper echelons theory (Hambrick, 2007; Hambrick and Mason, 1984). This theory suggests that executives who constitute the top management team (TMT) make decisions and take actions that reflect their personality, orientations, values, and experiences. This theoretical perspective led scholars to link TMT members' attributes to organizational processes and outcomes (Carpenter, Geletkanycz, and Sanders, 2004), and more recently, to endeavor toward an understanding of the ways by which the CEO influences the strategic decision-making processes and firm performance (Finkelstein, Hambrick, and Cannella, 2009). Research in the area, however, has been hampered by the practical difficulty of collecting data about CEO leadership processes across multiple firms, and the need to reveal the ways in which CEO leadership behaviors drive firm performancethe, a theoretical challenge which has remained rather elusive (Ling, Simsek, Lubatkin, and Veiga, 2008; Peterson, Smith, Martorana, and Owens, 2003). A recent review by Felekoglu and Moultrie (2014) on senior management and their involvement in new product development suggests that there is a need for further theoretical development as regards how CEOs and TMTs drive innovation and pay particular attention to the context in which processes unfold and outcomes are enhanced. For example, a recent study that linked CEO personality to a firm's adoption of technological discontinuity noted that CEOs influence strategy through the creation and modification of a context in which others participate and engage (Gerstner, König, Enders, and Hambrick, 2013, p. 261).

Thus, this article seeks to advance research and theory by unraveling the context in which CEO leadership helps to build and develop strategic capabilities. Specifically, it attempts to deepen our understanding about the role of CEO leadership in shaping the context for building knowledge creation capabilities and thereby enhance firm innovation (Nonaka, 2005; Nonaka, Toyama, and Konno, 2000). Our theorizing suggests that a firm's strategic capabilities—and, in particular, *knowledge integration* capabilities—mediate the relationship between CEO leadership and firm innovation. The knowledge-based

Address correspondence to: Abraham Carmeli, Faculty of Management, Tel Aviv University, Ramat-Aviv, Tel Aviv 69978, Israel. E-mail: avic@post.tau.ac.il. Tel: +972-3-640-6335; Fax: +972-3-640-9983.

* The authors wish to thank the editor and three anonymous reviewers for their helpful comments and suggestions. We also thank Ayala Cohen and Etti Doveh for their assistance, and Esther Singer for her editorial comments. We appreciate the helpful comments and suggestions from participants of seminars held at Rouen Business School and Simon Fraser University. We are also thankful to the senior executive who provided enormous support and encouragement during the research project. The second author acknowledges the financial support of the Hurvitz Institute of Strategic Management at Tel Aviv University.