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## **IT Governance, Firm Performance, and the Rise of the Digital Upper Echelon**

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## IT Governance, Firm Performance, and the Rise of the Digital Upper Echelon

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The top management team complements the founder's managerial deficiency and attracts attention from both academy and industry. The structure of the team is one of the most critical issues as it can influence resource allocation decisions and firm performance.

With the increasing demand for digital transformation and the complexity of digitalization, firms gradually create new technology-related positions beyond traditionally known chief information officers (CIO), such as chief digital officers (CDO) (Tumbas et al. 2018) and chief information security officer (CISO) (Kappelman et al. 2018).

The increasing number of technology managers in the organizations raises the question that who these technology managers should report to or be governed. The two governance ways indicate two different strategies to the firm. 54.3% of the CISO reports to the CIO in European organizations (Kappelman et al. 2018), which indicates that security is treated as IT problem. For the rest reports to non-technology managers, the security issues are addressed in a more general way. The current technology manager (or CIO) literature most often considers CIO as a standalone individual and studies CIO's governance (Banker et al. 2011).

However, as the number of upper echelons technology managers has expanded, the governance of the new emerging technology managers has yet been studied. Hence, we raise our research question: How does the governance of technology-related managers influence the top management team performance?

To investigate this research question, we leverage multiteam systems theory and social categorization processing to answer. The social categorization processing separates the top management team into two implicit minimal groups, technology groups and non-technology groups. Multiteam systems theory emphasizes that when facing complex tasks, the interdependence between groups could help the teams to achieve the shared task.

We will examine our research questions using a dataset comprised of the S&P 1500 as who have formal top management teams. We will use Difference-in-Differences to analyze the panel data and apply propensity score matching to alleviate endogenous issues.

Our research contributes to CIO literature, multiteam systems research, and social categorization research. Finally, we provide suggestions to practitioners on which governance will be more effective.

### References

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