

Study suggests disproportionate number of the most innovative CEOs hail from US counties with a frontier history

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Biographies of Jeff Bezos don't make much of Albuquerque, New Mexico. Although the founder and executive chairman of Amazon lived

there from birth until his teenage years, the Duke City is mainly treated as a humble backdrop for Bezos's early exploits as a budding entrepreneur and science geek. But what if it was Albuquerque that put Bezos on the map, and not the other way around?

Recently published research by Lei Gao, an associate professor of finance at George Mason University School of Business, argues that the culture of Bernalillo County, where Albuquerque is located, may make it an ideal launching pad for highly innovative business leaders. (His co-authors were Jianlei Han, Zheyao Pan and Huixuan Zhang of Macquarie University.) The key, Gao says, resides in its distant frontier past. For several decades during the period of peak U.S. westward expansion, roughly spanning the years 1790–1890, the county was within 100 kilometers of the border.

The paper is [published](#) in the journal *Research Policy*.

"We're not the first to study how frontier experience, that history, could have an impact," Gao explains. "It helps to shape the local culture. It also encourages risk-taking because you need to be more independent and individualistic if you get rewarded for adventure. And this culture can take a long time to change, if it ever changes at all."

According to research, individualistic personality types are associated with business success, and high [innovation](#) performance in particular. Indeed, corporate innovation is not unlike being a frontiersman or -woman. It demands the same sort of willingness to chase opportunities into uncharted territory, in defiance of the doubters.

But because prior studies of individualism in the [business world](#) looked only at national or [organizational culture](#), they were limited in the comparisons they could draw between people within the same country or company.

To circumvent this problem, Gao and his co-authors found birthplace data for 1777 U.S.-born CEOs of S&P 1500 companies for the period 1992–2017. They then consulted historical maps to determine how much time, if any, each of the CEOs' birth counties had spent on or near the U.S. frontier. Not only did they find a [positive relationship](#) between the CEOs' individualistic cultural background and the innovation performance of their firms (as measured by patent quantity and quality), but this relationship also grew stronger the longer a CEO had lived in a post-frontier county.

The researchers were aware of the possibility of self-selection—that is, more innovation-oriented firms might choose CEOs with a more individualistic bent. From the standpoint of innovation performance, this creates a chicken-and-egg problem. However, comparing firms' innovation output before and after appointing an individualistic CEO revealed that the choice of chief executive appeared to make a significant positive difference.

Digging deeper, the researchers found that this innovation advantage likely came via two channels—a change in corporate culture and an increased number of inventors on staff. More specifically, CEOs from post-frontier hometowns used more innovation-related words during investor earnings calls (an accepted index of innovation focus), while hiring and retaining more innovators who registered patents for the firm.

What does this mean for investors and firms looking for the next Jeff Bezos? Gao urges caution, emphasizing that his study was never meant to be the final word on CEOs and innovation. "We do not include foreign CEOs in our paper. And that's a whole lot considering new and first-generation immigrants as a percentage of the population and of Fortune 500 CEOs," he says.

Moreover, Gao stresses that innovation output does not always feed

directly into financial performance. "The relationship between innovation and shareholder value is not always clear because it might take a very long time to be reflected... Not all innovation ends up being valuable to the company, especially in the short term."

He also points out that individualism, though seemingly beneficial for innovation, can have an unsavory dark side. Bezos's notoriously rough-around-the-edges leadership style may serve as an example.

In other words, Bezos's birthplace may be a wrongly overlooked element of his origin story, but is far from the best predictor of his business success. Gao suggests that when individualistic CEOs are valuable for companies (which is by no means a given), it's because of factors—an innovation-centered corporate culture and investments in human capital—that can be cultivated in all leaders, regardless of their origins.

A reverse-engineering approach—identifying and incentivizing the behaviors that distinguish highly individualistic CEOs like Bezos—may help firms harness the benefits of individualism without the risky downsides.

More information: Lei Gao et al, Individualistic CEO and corporate innovation: Evidence from U.S. frontier culture, *Research Policy* (2023). [DOI: 10.1016/j.respol.2023.104852](https://doi.org/10.1016/j.respol.2023.104852)

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