

## **The Role of CEO–TMT Generational Alignment in Driving Firm Innovation**

### **Abstract**

What is the influence of the similarity of generations among the top management team (TMT) members on firm innovation? Based on the generational identity theory, we provide the first empirical evidence that the more similar the chief executive officers (CEO) and non-CEO executives are in their generations, the more likely the firm is to engage in innovation. Using panel data consisting of 1,906 S&P firms listed during 2002-2017, we confirm our theoretical prediction and further demonstrate that the positive effect is partially explained by enhanced managerial ability and is contingent on CEO power, firm investment in employee relations, and the high-tech industry. This study contributes to the literatures on upper echelons, strategic decision-making, and firm innovation by shedding light on the crucial effect of generation similarity in facilitating innovation and the moderating roles of CEO-, firm-, and industry-level characteristics.