

**STACKING THE DECK:  
THE EFFECTS OF UPPER ECHELON AFFILIATIONS FOR ENTREPRENEURIAL  
FIRMS \***

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## ABSTRACT

In this study, we take an in-depth look at the role that the career histories of members of a young firm's upper echelon play in the success of a firm's initial public offering (IPO). Whereas prior research has focused on the role of important intermediaries, such as the lead underwriter, for IPO success, we focus here on the impact of a firm's upper echelon's employment-based affiliations. We theorize that at the time of IPO, investors look not only to intermediaries for indicators of firm quality but to the team leading the firm through the IPO as well. We also investigate the effects associated with the extent to which the affiliations of specific members of the upper echelon (e.g., Chief Financial Officer) match their roles and responsibilities at the issuing firm. Further, we consider the mediating influence of underwriter prestige on these effects. Analyses of a comprehensive set of data on the career histories of managing officers of young firms in the biotechnology industry show that IPO success depends on the upper echelon as a whole having substantial affiliations with prominent downstream organizations (i.e., pharmaceutical and/or healthcare companies) and with a diverse range of organizations. These findings remained robust even after accounting for the prestige of the firm's lead underwriter. Implications for research on organizational theory, entrepreneurship, upper echelons, and initial public offerings are discussed.