

Personality Composition in Senior Management Teams: The Importance of Homogeneity in Dynamic Managerial Capabilities

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Abstract : As a result of increasingly dynamic business environments, the creation and fostering of dynamic capabilities, [those capabilities that enable sustained competitive success despite of dynamism through the awareness and reconfiguration of internal and external competencies], supported by organisational learning [a dynamic capability] has gained increased and prevalent momentum in the research arena. Presenting findings funded by the Economic Social Research Council, this paper investigates the extent to which Senior Management Team (SMT) personality (at the trait and facet level) is associated with the creation of dynamic managerial capabilities at the team level, and effective organisational learning/knowledge sharing within the firm. In doing so, this research highlights the importance of micro-foundations in organisational psychology and specifically dynamic capabilities, a field which to date has largely ignored the importance of psychology in understanding these important and necessary capabilities. Using a direct measure of personality (NEO PI-3) at the trait and facet level across 32 high technology and finance firms in the UK, their CEOs (N=32) and their complete SMTs [N=212], a new measure of dynamic managerial capabilities at the team level was created and statistically validated for use within the work. A quantitative methodology was employed with regression and gap analysis being used to show the empirical foundations of personality being positioned as a micro-foundation of dynamic capabilities. The results of this study found that personality homogeneity within the SMT was required to strengthen the dynamic managerial capabilities of sensing, seizing and transforming, something which was required to reflect strong organisational learning at middle management level [N=533]. In particular, it was found that the greater the difference [t-score gaps] between the personality profiles of a Chief Executive Officer (CEO) and their complete, collective SMT, the lower the resulting self-reported nature of dynamic managerial capabilities. For example; the larger the difference between a CEOs level of dutifulness, a facet contributing to the definition of conscientiousness, and their SMT's level of dutifulness, the lower the reported level of transforming, a capability fundamental to strategic change in a dynamic business environment. This in turn directly questions recent trends, particularly in upper echelons research highlighting the need for heterogeneity within teams. In doing so, it successfully positions personality as a micro-foundation of dynamic capabilities, thus contributing to recent discussions from within the strategic management field calling for the need to empirically explore dynamic capabilities at such a level.

Keywords : dynamic managerial capabilities, senior management teams, personality, dynamism

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