


The Effects of Managerial Dissensus and Diversity on Firm Performance: The Role of CEO Leadership

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Overview

- ▶ Conceptualizations of dissensus and diversity
 - ▶ Importance of the phenomena
 - ▶ State of dissensus-performance research
 - ▶ State of diversity-performance research
 - ▶ Research questions
 - ▶ A preliminary model
 - ▶ Implications and conclusions
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Conceptualizations

- ▶ Dissensus – The degree to which upper-echelon managers disagree over current organizational states:
 - what the goals of the firm *are*
 - what the strategies of the firm *are*
 - what the firm's strengths/weaknesses *are*
- ▶ Diversity – The degree to which upper-echelon managers disagree over preferred organizational states:
 - What the goals of the firm *should be*
 - What the strategies of the firm *should be*
 - What the firm's strengths/weaknesses *should be*

Conceptualizations (continued)

- ▶ Disagreement as separation
 - Maximum disagreement represented by two opposing blocs within the upper-echelon team
 - Example operational approach: standard deviation
- ▶ Disagreement as variety
 - Maximum disagreement represented by uniform dispersion across all categories
 - Example operational approach: entropy
- ▶ Disagreement as disparity
 - Maximum disagreement represented by CEO holding beliefs/preferences that are at odds with all other managers
 - Example operational approach: sum of squared distances

Conceptualizations (continued)

Variable	1	2	3	4	5	6	7	8	9
1. Goal 1 Separation	1.00								
2. Goal 1 Variety	.65	1.00							
3. Goal 1 Disparity	.82	.56	1.00						
4. Goal 2 Separation	.06	.04	.07	1.00					
5. Goal 2 Variety	.07	.14	.13	.76	1.00				
6. Goal 2 Disparity	.06	.02	.26	.74	.63	1.00			
7. Goal 3 Separation	-.10	-.04	.02	-.01	-.11	.04	1.00		
8. Goal 3 Variety	.00	.08	.13	-.10	-.05	-.01	.78	1.00	
9. Goal 3 Disparity	-.04	-.04	.02	-.07	-.15	.05	.77	.47	1.00

N=66 for separation and variety.

N=61 for disparity.

Importance of Goal Disagreement

- ▶ Prominent Role in Existing Theory
 - Behavioral Theory of the Firm
 - Upper-echelons Theory
 - Identity Theory
 - Political Theory
 - Decision Theory
 - Conflict Theory
- ▶ Prominent Topic Among Managers
 - It's okay to spend a lot of time arguing about which route to take to San Francisco when everyone wants to end up there, but a lot of time is wasted in such arguments if one person wants to go to San Francisco and another secretly wants to go to San Diego" (Steve Jobs quoted in Eisenhardt, Kahwajy, & Bourgeois, 1997)

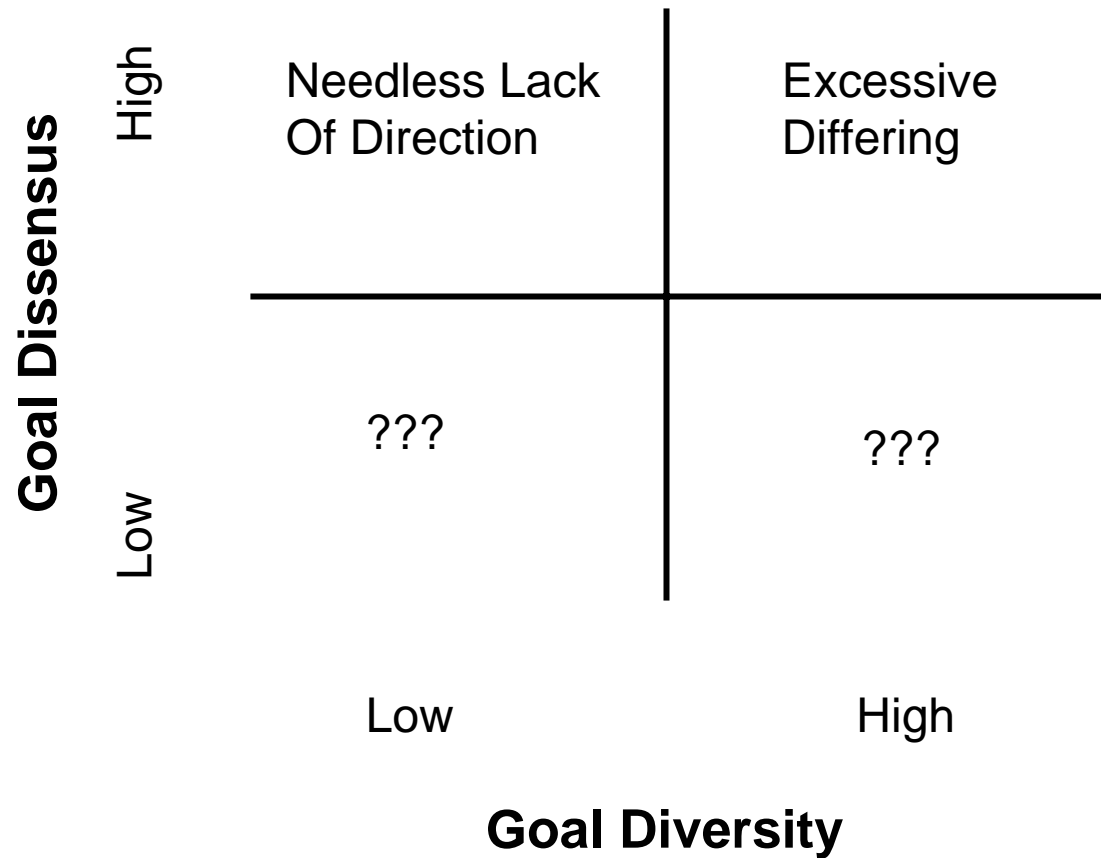
State of Goal Dissensus Research

- ▶ Non-trivial number of studies conducted to date
- ▶ Most available studies suggest a negative relationship between goal dissensus and firm performance (e.g., Dess, 1987, Bourgeois & Eisenhardt, 1989; Nie & Young, 1997; Colbert et al., 2008)


State of Goal Diversity Research

- ▶ Limited number of studies conducted to date
- ▶ Available studies of goal diversity provide a mixed set of findings (cf., Grinyer & Norburn, 1975; Glick et al., 1993; West & Schwenk, 1996; West and Meyer, 1998; Voss et al., 2006)

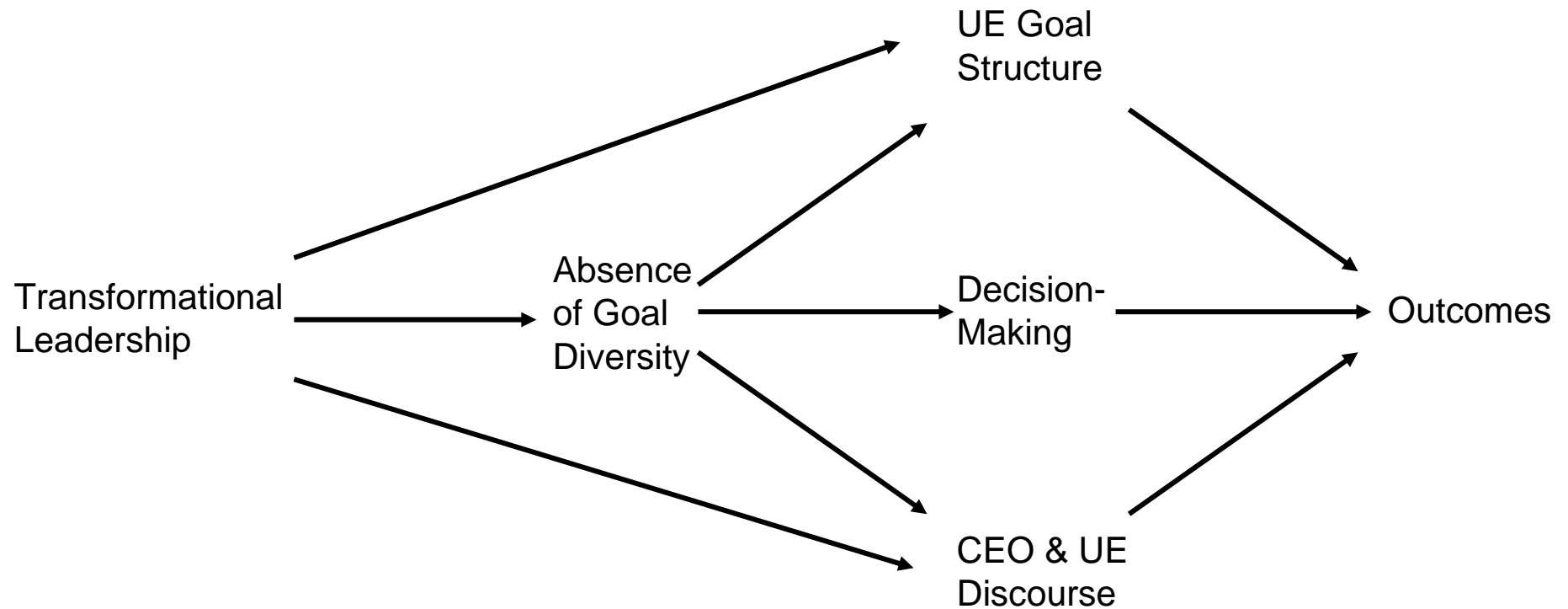
Dissensus and Diversity



Fundamental Research Questions

- ▶ Is goal diversity good, bad, or irrelevant for firm performance?
 - ▶ What are the specific mechanisms through which goal diversity might affect firm performance?
 - ▶ Does leadership play a more prominent role than implied by existing upper-echelons research?
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Preliminary Model




Upper-echelon Goal Structures

- ▶ Aspiration levels
 - Inspirational vision
 - Limited ambiguity
 - Manageable political dynamics
 - ▶ Risk-taking
 - Inspirational vision
 - Limited ambiguity
 - Manageable political dynamics
- 

Upper-echelon Decision-Making

- ▶ Decentralized structures
 - Empowering leadership
 - Cooperation
 - ▶ Thoroughness
 - Limited conflict avoidance
 - Non-specialized language
 - ▶ Fluid response tendencies
 - Limited conflict avoidance
 - Positive view towards hunches
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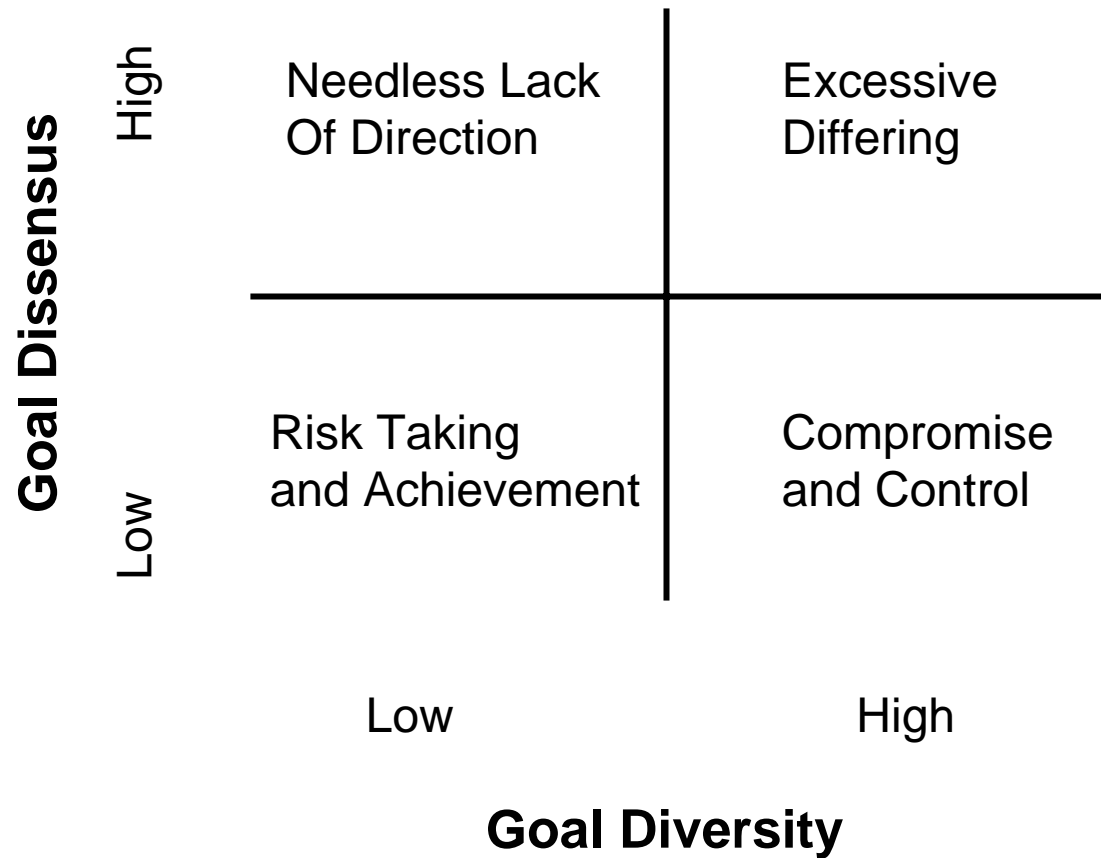
CEO and Upper-echelon Discourse

- ▶ Narratives
 - ▶ Syllogisms
 - ▶ Limited use of assorted shortcuts
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Firm Outcomes

- ▶ Performance
 - Mean
 - Variance
- ▶ Learning
 - Mean
 - Variance

Dissensus and Diversity



Implications and Conclusions

- ▶ Implications
 - ▶ Conclusions
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