

Steinmetz, Holger; Schwens, Christian; Isidor, Rodrigo; Kabst, Rüdiger

**Article**

## Editorial: enlarging the focus on the role of competencies, abilities, and personality in management research

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Holger Steinmetz, Christian Schwens, Rodrigo Isidor,  
Rüdiger Kabst\*

Editorial

## **Enlarging the Focus on the Role of Competencies, Abilities, and Personality in Management Research**

Past research on the role of individual characteristics in management research (e.g., predictive value of personality on job related issues, human resource management practices handling individual competencies) has generated considerable knowledge. However, with an increase in globalization leading to higher complexity of organizations as well as to altered demands on employees, there is a necessity to expand prior knowledge on the role of competencies, abilities, and personality across various contextual features (e.g., other cultures, markets).

This special issue contains seven articles that focus on competencies or personality in not yet researched contexts and levels (individual vs. firm level). The special issue incorporates new and interesting outcome variables (e.g., career decisiveness, work council participation) and cross-cultural comparisons in relationships between constructs. In this editorial, we give a short overview over the articles and conclude with a short discussion about some problems of incorporating competence and personality measures into research designs. We suggest that this discussion is especially important if researchers intend to apply modern analytical methods (e.g., structural equation modeling) to management research.

The article by *Marijaana Gunkel and Christoph Schlaegel* ("The Influence of Personality on Students' Career Decisiveness – A Comparison between Chinese and German

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\* Dr. Holger Steinmetz, University of Giessen, Faculty of Economics and Business Administration, Department of Human Resource Management, Small Business Enterprises, and Entrepreneurship, Licher Str. 66, 35394 Giessen, Germany.  
E-mail: [Holger.Steinmetz@web.de](mailto:Holger.Steinmetz@web.de).

Dr. Christian Schwens, University of Giessen, Faculty of Economics and Business Administration, Department of Human Resource Management, Small Business Enterprises, and Entrepreneurship, Licher Str. 66, 35394 Giessen, Germany.  
E-mail: [Christian.Schwens@wirtschaft.uni-giessen.de](mailto:Christian.Schwens@wirtschaft.uni-giessen.de).

Rodrigo Isidor, University of Giessen, Faculty of Economics and Business Administration, Department of Human Resource Management, Small Business Enterprises, and Entrepreneurship, Licher Str. 66, 35394 Giessen, Germany.  
E-mail: [Rodrigo.Isidor@wirtschaft.uni-giessen.de](mailto:Rodrigo.Isidor@wirtschaft.uni-giessen.de).

Prof. Dr. Rüdiger Kabst, University of Giessen, Faculty of Economics and Business Administration, Department of Human Resource Management, Small Business Enterprises, and Entrepreneurship, Licher Str. 66, 35394 Giessen, Germany.  
E-mail: [Ruediger.Kabst@wirtschaft.uni-giessen.de](mailto:Ruediger.Kabst@wirtschaft.uni-giessen.de).

Economics and Management Students”) investigates in how far the Big Five personality factors (i.e., conscientiousness, neuroticism, extraversion, agreeableness, and openness to experience) allow to predict career decisiveness of students and its determinants career adaptability, career optimism, and career knowledge. Moreover, the authors’ approach is cross-cultural as they compare Chinese and German economics and management students. Results show that three of the Big Five – neuroticism, conscientiousness, and extraversion – are differently related to the dependent career variables within the two cultures. Thus, these results indicate that personality factors allows predicting and understanding students’ career decisions and their determinants.

The study by *Susi Störmer* (“Individual Characteristics of Work Council Members – Empirical Evidence”) analyzes the personality profile of work council members. She finds that female council members show a higher extraversion and internal locus of control than female non-council members and male council members can be characterized by a higher conscientiousness than male non-work council members. Hence, her study sheds light on the work council as an institution and should be followed by further analyses to understand functioning of this collective.

*Joost Bücken and Erik Poutsma* (“How to Assess Global Management Competencies: An Investigation of Existing Instruments”) focus on the importance of competence measurement and provide a framework that allows assessing the quality of competence measures. Moreover, by means of a review of existing measures, the authors apply the developed framework and propose a number of high quality measures.

The article by *Erik Døving and Odd Nordhaug* (“Investing in Human Resource Planning: An International Study”) examines the determinants for analyses of competence developments needs and the role of formal HRM strategies on the firm level. By means of a large international research project with 3,877 firms worldwide, they conclude that “resources (size, having an HRM department and corporate affiliation) and to some degree cost-benefit considerations are the main determinants of these human resource planning arrangements” (p. 263-291).

*Michael Stephan* (“Does Outsourcing Result in the Outsourcing of Technological Competencies? An Empirical Analysis of the Effect of Vertical Specialization on the Technological Competence Base of Firms”) investigates the effect of vertical specialization on the technological competence of the firm. Drawing on the resource-based view of the firm (RBV), the article examines that vertical specialization will not result in reduction of the technological competence level of the firm. Studying both the breadth and depth of technological competencies the article takes a comprehensive perspective expanding previous research. The empirical findings reveal that outsourcing has not coincided with the outsourcing of technological competencies.

The article by *Astrid Reichel, Julia Brandl, and Wolfgang Mayrhofer* (“The Strongest Link: Legitimacy of Top Management Diversity, Sex Stereotypes and the Rise of Women in Human Resource Management 1995 – 2004”) forges a link between the neo-institutionalism and the literature on sex stereotypes to explain the recent development of co-evolution of feminization and status increase of HRM. The authors empirically link the percentage of women working in HRM (on staff and director

level) to the status of HRM. Drawing on data from 1995 until 2004 allows an assessment over time and provides unique empirical evidence to the readership.

Empirically analyzing a sample of 122 executives of Canadian small businesses, *María Teresa de la Garza Carranza and Carolyn Egri* (“Managerial Cultural Intelligence and Small Business in Canada”) examine the extent to which managerial cultural intelligence is a contributing factor to the organizational effectiveness of small businesses. The major aim of the study is to examine the extent to which managerial cultural intelligence is an important success factor for small businesses operating internationally compared to their counterparts. The empirical findings reveal that cultural intelligence is positively related to corporate reputation and employee commitment; however, it has no impact on the financial performance of small businesses. Moreover, based on their results, the authors reveal that cultural intelligence is relevant to internationally operating firms as well as for domestic-only firms.

Altogether, the articles in this special issue highlight the vast variety of fields in which competence and personality factors can be fruitfully applied. And as it turns out, these factors have important theoretical and practical benefit and advance the understanding about relevant determinants of cross-disciplinary phenomena.

However, this should not lead to an overreliance of personality tests, an unrealistic hope of comprehensive explanatory power or uncritical use of personality measures. Noteworthy, in the relevant psychological fields, personality measures are severely criticized (Borsboom 2006; Borsboom et al. 2003; McAdams 1992). For instance, the psychometrician Denny Borsboom (2006) criticized the repeated failure to fit Big Five measures with strict methodological approaches (e.g., confirmatory factor analyses). Proponents of the Big Five routinely argue that this is due to some particularities of personality measures (e.g., existence of many double loadings) which results in confirmatory factor analysis being the inappropriate method. The confusion, however, is rather grounded in the historical use of principal component analysis in identifying correlated clusters of correlated trait adjectives (i.e., “the lexical approach”). As Borsboom clarifies, a principal component is a weighted sum score (i.e., of trait adjectives) and no latent variable. This is accompanied by the way researchers describe each of the Big Five, for instance, as “complex”, “broad”, or “consisting of facets” (Hastings/O’Neil 2009; Ones/Viswesvaran 1996). Beyond the methodological implications, this leaves unclear the theoretical nature of each of the Big Five. For instance, is a trait like conscientiousness a single entity that has causal effects on other variables or is it a simple sum score of “facets” and if the latter: what is the meaning of a relationship between this sum score and a dependent variable? A similar discussion occurred in intelligence research. For instance, Bartholomew (2004) clarified that the prominent “IQ”-score is a sum score created from task specific scores and not the latent entity “intelligence”.

As a result, future research should not simply mimic the often uncritical use of competence or personality measures but clarify the factorial structure and, thus, the number of factors and their meaning. This recommendation reflects a demand for a stronger “construct clarity” (Suddaby 2010) in management research and a discussion about the ontological status of unobservable theoretical entities in psychology (Borsboom 2005; Borsboom et al. 2003). In this regard, summing measures into more

complex aggregates or indexes is not only a pragmatic issue – it directly connects to the researcher’s understanding of the world and the causal effects s/he theorizes. If the researcher’s theory contains some construct imagined as a coherent entity, then the aggregate is a simple misspecification of his/her measurement model. Moreover, existing relationships between the aggregate and dependent variables may be ambiguous and missing relationships may be the result of mixing facets with diverging relationships.

Therefore, research designs incorporating competence or personality constructs should strictly follow the researcher’s theory which may sometimes make it more appropriate to define constructs on a more specific level (Paunonen et al. 1999). When specifying structural equation models with latent variables, the researcher should be aware that such models require a *realist* philosophy of science (in contrast to a *constructivist* philosophy that is more appropriate for principal component analysis, cf. Borsboom et al. 2004). That is, latent variables refer to naturally existing entities that emit causal effects and this may or may not be the case for the Big Five or other dispositional constructs on a rather abstract level. Although it may be that failures to fit latent variable models with such constructs may be due to measurement problems (e.g., error covariances, double loadings), these failures should be taken as signs that the proposed model structure with its number of latent variables (e.g., five personality factors) is a wrong representation of the data.

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