THE REFLECTIVE POWER OF WORDS—CAPTURING UPPER ECHELONS’ COGNITION THROUGH THEIR VERBAL COMMUNICATION

AAT / MOC / BPS Showcase Symposium at the 2014 Academy of Management Annual Meeting, Philadelphia

Sunday, August 3rd, 2:45 – 4:15 pm, Philadelphia Convention Center, Room 121 A

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Sucheta Nadkarni
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As distinguished guest via video conference: James W. Pennebaker
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OVERVIEW OF THE SYMPOSIUM

Since its publication 30 years ago, Upper Echelons Theory (UET; Hambrick & Mason, 1984) has become one of the central tenets of strategic management research. The core assumption proposed by UET is that “executives’ experiences, values, and personalities greatly influence their interpretations of the situations they face and, in turn, affect their choices” (Hambrick, 2007: 334). However, opening the black box of corporate leaders’ minds and exploring their characters and personalities has shown to be highly challenging. In fact, despite methodological advances in psychometric and unobtrusive measures to capture executives’ characteristics (e.g., narcissism (Chatterjee & Hambrick, 2007), personalities (Nadkarni & Herrmann, 2010) and political ideologies (Chin, Hambrick, & Treviño, 2013)), we have so far gained only sketchy and opaque insights into executives’ minds. Even after three decades, we have only just begun to scratch the surface of the most fundamental question in UET: How do executives really perceive the world, and how do they reach their decisions? How do they differ in their most primary cognitive processes, and how do these processes affect their strategic choices?

One way to get at least a glimpse inside this black box could be linguistic analyses. Numerous recent empirical studies in the field of psychology subscribe to the view that “the words people use in their daily lives can reveal important aspects of their social and psychological worlds” (Pennebaker, Mehl, & Niederhoffer, 2003: 547). Their findings show that word use is correlated with a number of personality traits and other variables, such as mental health or social status (Pennebaker et al., 2003), and that word choice reflects stable psychological processes (Fast & Funder, 2008).

In this vein, some UET scholars have turned towards such linguistic approaches, mainly automated and manual text analyses, to study such concepts as top managers’ strategic cognition
(Cho & Hambrick, 2006), attention to discontinuous technologies (Kaplan, 2008; Gerstner et al., 2013), narcissism (Chatterjee & Hambrick, 2007), rhetorical personality (König, Walton, Wessels, Fehn, Weiss, & Enders, 2013), as well as their worldviews (Fehn, König, & Quigley, 2013).

Our goal in this symposium is to gain a shared understanding of our approaches to use words in order to capture corporate leaders’ cognition and personalities. We hope to share and discuss novel insights on the link between the words executives use and executives’ ways of thinking. Building on our exchange, we want to collect our thoughts to develop an outlook of the most promising avenues of future research in this area. Some of the questions that will be addressed during the panel discussion are:

- What are the main challenges in using words as proxies for mindsets, personality, and identities? Which personality constructs and worldviews other than those primarily studied in upper echelons research could be important to organizational outcomes?
- What are the most advanced techniques in measuring corporate leaders’ personality and views through the words they use?
- Which newly available data sources can be smartly used to gain direct, unobtrusive, and comprehensive access to top executives’ communication?
- Which automated and non-automated methods can be used? Which promising methods are used in other fields?
- Which theoretical lenses that have not yet been applied could enrich our efforts to open the black box of executive cognition?

As 2014 marks the 30th anniversary of the publication of Hambrick and Mason’s (1984) seminal paper, giving rise to the birth of the Upper Echelons Theory, we see this symposium as a
serendipitous opportunity to link the Academy’s interest in “the power of words” with the anniversary of UET.

*Donald Hambrick* will open the session with a short overview on how UE research (Hambrick & Mason, 1984; Hambrick, 2007) has explored ways to approach, and try to open, the “black box” of executive cognition. Over the last 30 years, methods to do so have developed from analyzing executives’ demographic characteristics as proxies for underlying processes and values (e.g., Finkelstein & Hambrick, 1990; Hambrick & Mason, 1984; Wiersema & Bantel, 1992) to examining psychological constructs as a more direct means of determining executives’ conceptual systems (e.g. Chatterjee & Hambrick, 2007, 2011; Nadkarni & Herrmann, 2010). Building on this, he will highlight that, so far, only very few endeavors have been undertaken to exploit the numerous promising advantages offered by (psycho-)linguistic approaches of analysis, such as automated text analysis (e.g. Chatterjee & Hambrick, 2007; Cho & Hambrick, 2006; Fanelli, Misangyi, & Tosi, 2009).

After the introduction, each of the panelists will briefly present the main ideas or issues and discuss their views on how words have the reflective power to allow direct insights into top executives’ cognition and decision making behavior. During the discussion, the panelists will explore how each of their views might complement and inform the others’ work, and outline potential avenues of how their work could inform further UE research in general.

In particular, the panelists’ discussion will center on the following topics:

*Dennis Gioia* will argue that the reflective power of words lies especially in a stronger focus on the words executives actually use when trying to discover and develop better theories of how upper echelons members think and act. For him, this means that a semi-structured interview should be the centerpiece of most of the work. Giving greater voice to executives in this way – especially
in the early stages of data gathering and analysis, as well as during research reporting – creates rich opportunities for discovery of new concepts, rather than merely affirming and extending existing ones.

*Theresa Cho* will contrast this view with a discussion on the validity of a psycholinguistic approach in exploring the effects of executives’ attributes. Based on her empirical study of the U.S. banking industry, she will demonstrate that the demographic attributes of top managers are indeed linked to their attention allocation and cognitive biases. In line with this, *Vivian Guo* will give an overview of the different psychological dictionaries that are highly relevant to management research.

*Andreas König* will develop this view further and argue that a psycholinguistic archival approach informed by conceptual metaphor theory (CMT; Lakoff & Johnson, 1980), that is, measuring and counting the metaphorical words that executives use with the ultimate goal of capturing executives’ worldviews, also holds promising opportunities for researchers.

*Mike Pfarrer* will reconcile the previous panelists’ views by showing how content analysis could be used to bridge the gap between small samples of surveys and large samples of archival studies in order to begin to open the black box of executive and stakeholder cognitions. He will add additional facets to the discussion by 1) adding the mediating factor of external uncertainty to the equation, and 2) by focusing on how executives’ decisions will influence stakeholders’ perception of the firm.

*Sucheta Nadkarni* will then combine the views of Andreas König, Theresa Cho and Vivien Guo on the one hand, and Mike Pfarrer on the other hand, in her proposal to measuring executive traits with a combination of psycholinguistic and content analytical approaches. She will describe how temporal individual differences could be especially useful in advancing existing research on
CEO personality and will discuss how archival approaches, both psycholinguistic and content analytical, are uniquely suited to measure these temporal individual differences.

Arijit Chatterjee will complement and extend the other panelists’ views by offering some thoughts on how leaders’ cognition can be inferred if the archives do not have actual words available that could be recorded or measured. He will describe such a situation and a case study where historians have employed a novel method.

A special guest to this discussion, adding to its interdisciplinarity, is James W. Pennebaker, the Regents Centennial Professor of Liberal Arts and the Departmental Chair in the Psychology Department at the University of Texas at Austin. James Pennebaker will be present via video conference and comment and discuss on the panels’ ideas. James Pennebaker’s research builds on the view that “the words people use in their daily lives can reveal important aspects of their social and psychological worlds” (Pennebaker et al., 2003: 547). His work addresses the question of “How do the words we use reflect our underlying feelings, thoughts, personality, and behavioral tendencies?” (Pennebaker, 2014). As much of the panelists’ work is informed by James Pennebaker’s research, we are confident that he will be able to offer valuable contributions to the discussion.

Finally, we want to trigger an interactive discussion between the presenters and the audience. All together, the symposium should provide participants with an inspiring overview of the growing importance of the power of words as a means to look into executives’ minds, and cues as to how to leverage this power in order to enrich not only the next 30 years of upper echelons research, but also the journey of other research domains in management and organization science.
REFERENCES


Pennebaker, J. 2014. James W. Pennebaker C.V.