Executive Summary

Current trends in the business environment, such as fast changing customer requirements, highly competitive market structures and increasing complex operations, are challenging the traditional hierarchical structures of companies. As a response to these trends, less hierarchical organizational designs rise in popularity. An extreme approach of implementing lower hierarchies are self-managing organizations (SMOs). SMOs radically decentralize authority throughout the entire organization by using a formal and systematic process (Lee & Edmondson). The success or failure of SMOs crucially depends on its workforce. Case studies showed that some employees feel able to release their full potential and appreciate the SMO design, while other individuals experienced predominantly negative impacts and disliked this new organizational approach (Schell & Bischof, 2021).

Previous studies have found that personality has a considerable impact on the work outcomes of employees. However, the relationship between personality and work outcomes is not universal. It is influenced by various contextual factors, such as the employee's work environment. A field of research has therefore explicitly examined the effects of personality on work outcomes in environments with high levels of autonomy, by investing this relationship for self-managed teams (Barry & Stewart, 1997; Gill et al., 2020; Thoms et al., 2002) or in jobs with the characteristic of high autonomy (Barrick & Mount, 1993; Judge & Zapata, 2015; Withey et al., 2005). The studies found that especially individuals scoring high in the traits conscientiousness and extraversion are predestinated to perform well in environments with high levels of autonomy.

Nonetheless, these previous findings are only partially transferable to the context of an SMO, since the employees' autonomy was still ultimately embedded in a system of hierarchical authority. Despite the increasing popularity of SMOs, academic research on this type of organization has been scarce. It is important to understand more deeply which individuals are

well suited to work in an SMO, as these organizations tend to experience high fluctuation and the employees make an important contribution to the success of these organizations. Additionally, Lee and Edmondson (2017) and Doblinger (2022) have explicitly pointed out the need to investigate this phenomenon more deeply and called for research on preferential personality traits for successfully working in an SMO.

This study is the first to addresses the gap by answering the research question of *which personality traits are preferential for high employee effectiveness in SMOs.*

To develop the research model, the concepts of SMOs, employee effectiveness, and the Five-Factor Model of personality are used. Additionally, person–organization fit theory, trait-activation theory and the theory of purposeful work behavior are incorporated as theoretical background to explain why certain personality traits lead to higher employee effectiveness in different environmental conditions. It is theorized that the traits conscientiousness and extraversion are more important for employee effectiveness in an SMO compared to a hierarchically managed organization. Furthermore, the moderating role of professional experience on the personality–employee effectiveness relationships is suggested.

To test the proposed relationships, an experimental vignette study was conducted. In the study, 114 participants were presented with two scenarios, one representing an organization operating according to the SMO approach and the other reflecting a hierarchically managed organization. These two scenarios were created based on theoretical knowledge, case study reports and feedback from practitioners. Each participant reported their perceived effectiveness (measured as perceived job satisfaction and organizational commitment) for the two vignettes. The statistical analysis was performed using multiple hierarchical regression analysis based on difference scores.

The results indicate that individuals with high levels of the trait conscientiousness exhibit greater effectiveness (in terms of organizational commitment) in an SMO compared to

a hierarchically managed company. High levels of the trait extraversion reduce employee effectiveness (in terms of organizational commitment) in an SMO in comparison to hierarchically managed company. The moderating effect of professional experience on these relationships received only limited support.

The fact that highly conscientious individuals tend to prefer an SMO structure is in line with the findings from related studies in this field. However, the results for the trait extraversion were unexpected. Contrary to the proposed theoretical model, individuals with high levels of extraversion tend to appreciate hierarchical work structures. One possible explanation for this result is that extraverted individuals are associated with leadership and assertiveness and therefore might value hierarchical structures with a system of promotion and career prospects. The scattered findings regarding the moderating effect of professional experience cannot be interpreted in any clear direction.

The insights from this study lead to important implications for theory and practice. For theory, this study extends current knowledge on the relationship between personality and employee effectiveness, by exploring this link in a work environment with radical decentralization of authority as practiced in SMOs. Furthermore, an additional influencing factor, namely employees' professional experience, is tested on the relationship between personality and employee effectiveness in different work environments. The study has also methodologically contributed to personality research by applying the experimental vignette method, which offers a promising approach to address the problems of a vaguely defined situational context.

For practice, this study offers three main insights. First, the findings suggest including personality measures in the recruitment process of SMOs to better assess whether an applicant fits to this novel organizational design. Second, the study enables SMOs to tailor their training and development programs to the needs of the employees. Especially trainings in the field of

self-management and self-organization seem to encourage employee effectiveness in SMOs. Lastly, the study provides insights for practitioners who are faced with the decision of whether or not to implement the SMO approach in their company. The results suggest that the personality of the employees should be taken into account when making such change in the organizational design.

These findings of this study serve as an important cornerstone for understanding how individuals experience new organizational designs. Moreover, they underline the need for continued investigation of the nascent field of SMOs. It remains yet to be explored whether the previous results in the field of organizational research remain valid in the light of non-hierarchical organizations.

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