

**PONTIFICIA UNIVERSIDAD CATÓLICA DEL PERÚ
ESCUELA DE POSGRADO**



**The Impact of CEOs' Personality on Socioemotional Wealth and
Competitiveness Improvement of Family-owned SMEs**

**TESIS PARA OBTENER EL GRADO DE DOCTOR EN
ADMINISTRACIÓN ESTRATÉGICA DE EMPRESAS**

PRESENTADA POR

Verónica Janneth García Ibarra

Pasaporte: A4746032 – ECUADOR

ASESOR

Asghar Afshar Jahanshahi,

Carné de Extranjería Peruano: 001546196

ORCID <https://orcid.org/0000-0003-2241-9913>

JURADO

Rubén, Guevara Moncada

Asghar, Afshar Jahanshahi

Jaime Eduardo, Rivera Camino

Kurt Johnny, Burneo Farfán

Santiago de Surco, mayo 2022



© 2022 by Verónica, J. García

All Rights Reserved

Dedication

To Jehovah God, for his infinite blessings.

To my beloved sons Kory and Joaquin, source of inspiration.



Acknowledgements

I thank my husband, my parents, my siblings, the Universidad Politécnica Estatal del Carchi, which made my doctoral studies possible, my colleagues at DBA, especially Nelson Carrión and Byron Alvarez. I thank my professors, my thesis advisor Dr. Asghar Afshar Jahanshahi for his unconditional support, patience and valuable teachings and Dr. Rubén Guevara, Director of the doctoral programme, for his guidance and orientation in every process of this important stage of my life. ¡Thanks a lot!



Abstract

CEO personality is one of the main indicators to try to predict future CEO behaviour, and could explain the differences between CEOs in the efficiency and performance of companies. The present study identified the relationships between CEO personality (emotional stability, agreeableness, conscientiousness, openness to experience, extraversion), and socioemotional richness considered the most relevant differentiating aspect of the family business and improved competitiveness. The research design was non-experimental and cross-sectional, with a quantitative approach and correlational and explanatory scope. A survey was applied to 352 CEOs of small and medium-sized family businesses in Ecuador, and once the validity and reliability of the instrument was achieved, hierarchical regression analysis was applied using SPSS 20 software, which made it possible to identify the interactions between personality traits, socioemotional wealth and improved competitiveness of Ecuadorian family SMEs. The results showed a positive and significant relationship between extraversion, agreeableness and openness to experience of the CEO with socioemotional wealth and improved competitiveness of family businesses. However, in the case of emotional stability and conscientiousness, the results were not statistically significant with respect to socioemotional wealth and improved competitiveness. Our research contributes to the current literature by highlighting how each dimension of CEO personality enhances or inhibits the competitiveness improvement of family-owned SMEs.

Keywords: CEO personality, emotional stability, agreeableness, openness to experience, extraversion, conscientiousness, socioemotional wealth, competitiveness improvement, family-owned SMEs, Ecuador.

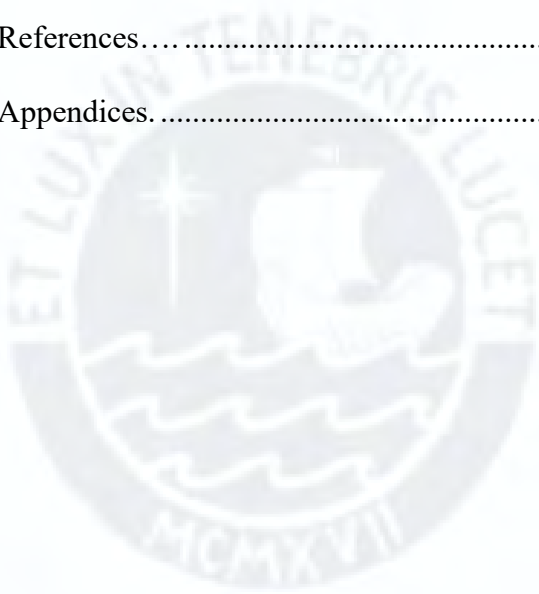
Resumen Ejecutivo

La personalidad del CEO es uno de los principales indicadores para intentar predecir su comportamiento futuro, y podría explicar las diferencias entre CEOs en la eficiencia y el desempeño de las empresas. El presente estudio identificó las relaciones existentes entre la personalidad del CEO (estabilidad emocional, amabilidad, escrupulosidad, apertura a la experiencia, extraversión), la riqueza socioemocional considerada el aspecto diferenciador más relevante de la empresa familiar y la mejora de la competitividad. El diseño de la investigación fue no experimental y transversal, con un enfoque cuantitativo y alcance correlacional, explicativo se aplicó una encuesta a 352 CEO's de pequeñas y medianas empresas familiares de Ecuador, una vez lograda la validez y confiabilidad del instrumento se aplicó el análisis de regresión jerárquica mediante el software SPSS 20, lo cual permitió identificar las interacciones entre los rasgos de personalidad, la riqueza socioemocional y la mejora de la competitividad de las pymes familiares ecuatorianas. Los resultados mostraron una relación positiva y significativa entre la extraversión, la amabilidad y la apertura a la experiencia del director general con la riqueza socioemocional y la mejora de la competitividad de las empresas familiares. Sin embargo, en el caso de la estabilidad emocional y la concienciación, los resultados no fueron estadísticamente significativos con respecto a la riqueza socioemocional y la mejora de la competitividad. Nuestra investigación contribuye a la literatura actual al destacar cómo cada dimensión de la personalidad de un director general mejora o inhibe la mejora de la competitividad de las PYME de propiedad familiar.

Palabras clave: Personalidad del CEO, Riqueza Socioemocional, Mejora de la Competitividad, PYMES Familiares, Ecuador.

Table of Contents

Introduction	3
Chapter I: The Research Article	12
Chapter II. Conclusions and Recommendations	33
Conclusions	33
Implications	34
Recommendations	36
References	38
Appendices	44



List of tables

Table 1	<i>Classification of Companies according to Size</i>	7
Table 2	<i>Number of companies in the commerce sector by city</i>	8
Table 3	<i>Family-owned SMEs by City</i>	8



Introduction

This thesis is structured in two Chapters. The first Chapter presents the research paper accepted for publication, which is required to complete the degree of Doctor en Administración Estratégica de Empresas granted by the Pontificia Universidad Católica del Perú through its graduate school in business management, CENTRUM PUCP. The second Chapter includes the main conclusions and recommendations of Scopus (Elsevier), in quartile Q3.

Corporate Chief Executive Officers (CEOs) are appointed to exceed set goals, exploit the company's own internal resources and break into and shape deficient processes so that companies can increase market share and gain a certain position over competitors. This implies that a CEO must make a series of decisions, which are based on his or her experience, values and personality, in order to respond to changes in the business ecosystem (Hambrick, 2007).

CEO personality, according to Hambrick (2007), is one of the main indicators to try to predict future CEO behaviour, and could explain the differences between CEOs in the efficiency of strategy design and implementation, decision-making methods and firm performance (Scheepers et al., 2014). Despite the relevance of this topic, authors such as Kelleci et al. (2019) suggest that there are few studies comparing CEO personality using criteria such as company ownership, which can be distinguished between family and non-family firms; as they are organisations with different operating rules. In the case of this paper the focus is on family firms.

Family firms "by their structure" represent more complex relationships, as their interest is not only focused on achieving financial goals, but there is also the concern of the owners to achieve non-financial goals which Gómez-Mejía, et al. (2007) called social-emotional wealth (SEW). The preservation of socioemotional wealth stems from the general concept of social capital, first studied systematically in the early 20th century, indicating the importance of social cohesion and personal investment in the community (Makó et al., 2018). Developing in order to highlight the relevance of networks of personal relationships in the family business and how they provide a basis for trust,

cooperation and collective activities (Goto, 2014). However, for families, preserving the SEW is a complex process involving different factors that hinder this goal. For example, when family firms wish to establish direct or indirect control and influence over strategic decisions (Gomez-Mejia et al., 2007), they require the ability to exercise authority which may originate from a strong ownership position, an attributed status or personal charisma (Berrone et al., 2012), where charisma is derived from the CEO's personality, i.e. a dependency is generated between the CEO's personality and the goal of preserving SEW. In this context, the question arises as to what relationship might exist between CEO personality and SEW in family firms, the question suggests that CEO personality in such organisations is key to the survival, growth and permanence of such firms in the market (Kelleci et al., 2019; Blumentritt et al., 2007).

However, if family firms prioritise socioemotional wealth over financial goals, this may condition CEO decision-making methods, hence Kelleci et al. (2019) suggest that there are differences in the personalities of CEOs related to the families that own the business and non-family CEOs. The latter, for example, tend to quickly assimilate what the goals of the family owning the business are and the meaning of being in the business, which allows them to balance business with family goals; However, not being linked to family ownership reduces independence in decision-making, and means that they must confront and accept the views of owners, even when they are inconsistent (Vandekerckhof et al., 2015; Gomez-Mejia et al., 2007). Views that may appear inconsistent for CEOs relate to decisions that may affect the preservation of socioemotional wealth, particularly the perpetuation of the family dynasty, the family's ability to influence and control the business (Schepers et al., 2014).

But CEOs operating family businesses must balance the goals of preserving socioemotional wealth with improving competitiveness, noting that for Carvalho and Costa (2014) competitiveness can be understood as "the ability to increase market share, profits, growth, value added and remain competitive in the long run" (p. 89). In contrast, Slevin and Covin's (1995) definition of

competitiveness involves running current profitable operations while continuously repositioning key factors to respond to and anticipate competitors' actions (para. 7). The above suggests that improving competitiveness is a latent variable and therefore there must be multiple factors that come together to achieve such a condition, e.g. Slevin and Covin (1995) measured the "total competitiveness" of SMEs by looking at several factors, such as firm structure, culture, human resources and product development, human resources and product/service development for the case of the present research is considered as dependent variable competitiveness improvement which according to Jahanshahi and Bhattacharjee (2019), enables firms to produce some superior services or products for customers, the above is possible when firms resort to the use of their internal resources and managerial capabilities to create competitive advantages, which provides benefits to the firm (Barney, 1991). In simple terms, competitive improvement can be understood as the ability of a specific organisation to provide its products or services more effectively and efficiently than the main rivals in the market (Jahanshahi & Bhattacharjee, 2019).

In this regard Basco (2014) explained that family firms, which seek to build competitive advantage, must opt for a product/reputation differentiation strategy and balance family and business-oriented decision-making. Ergo, CEO personality traits could be the key to explaining how to maintain a balance between business objectives, such as competitive improvement, and the interests of the family owning the firm, since family firms are risk-averse organisations, and are able to sacrifice financial aspects to maintain control of the business (Gómez-Mejía et al., 2011), authors such as Ng et al. (2019), point out that competitive advantages can be built with the managerial capabilities of CEOs, since they are the ones who allocate and distribute firm resources in a way that leads to organisational success, under that assumption they developed a study in which managerial skills mediate the relationship between socioemotional wealth and the performance of family firms, their findings suggest that managerial capabilities mediate the relationship between family

identification with the firm, binding social ties, emotional attachment of family members and firm performance.

Most studies on CEO personality over the past 35 years focus on corporate strategies (Neely et al., 2020); on how personality traits affect the degree to which their firms reflect their strategic preferences (Gupta et al., 2018); on strategic risk-taking (Benischke et al., 2019); on strategic change (Harrison et al., 2019); and on strategic change management (Herrmann & Nadkarni, 2014). But none have posited what kind of relationship may exist between CEO personality, socioemotional wealth of family firms and improved competitiveness; although Prasad and Junni's (2017) study explains that CEO organisational identification, such as risk propensity can enhance firm innovation. However, their effectiveness depends on the size of the organisation.

In order to contribute to the academic field of family firms, the present research is proposed to fill the knowledge gap related to the study of the relationship of CEO personality, improved competitiveness, and socioemotional wealth of family firms (Neely et al., 2020; Benischke et al., 2019; Ligon et al., 2012; Hauswald & Hack 2013), because CEO personality in family SMEs could be a determinant element in improving the competitiveness of family firms.

The present paper is based on the upper echelon theory proposed by Hambrick (2007), which argues that the CEO personality is one of the main indicators for trying to predict future CEO behaviour, and could explain the differences between CEOs in the efficiency and performance of companies. The present study identified the relationships between CEO personality (emotional stability, agreeableness, conscientiousness, openness to experience, extraversion), socioemotional richness considered the most relevant differentiating aspect of the family business and improved competitiveness. The research design was non-experimental and cross-sectional, with a quantitative approach and correlational and explanatory scope.

Based on information from the portal of the Superintendence of Companies, Securities and Insurance of Ecuador (Supercias) for 2018, Mogro and Bermúdez (2018) analysed 68,536 active

companies and considered 424,038 shareholders, determining that 85% of small, 84% of medium and 69% of large companies are family-owned. It is worth noting that small and medium-sized enterprises differ from micro and large enterprises in terms of sales volume and number of employees; Table 1 shows the classification of enterprises issued by the Andean Community of Nations (CAN).

Table 1

Classification of Companies according to Size

Classification of economic units	Annual Sales Volume	Employed Personnel
Micro enterprise	Less than US\$100.000	1 a 9
Small enterprise	From US\$100.001 to US\$1'000.000	10 a 49
Medium enterprise "A"	From US\$1'000.001 to US\$2'000.000	50 a 99
Medium enterprise "B"	From US\$2'000.001 to US\$5'000.000	100 a 199
Large company	From US\$5'000.001 and upwards	200 and upwards

Note: The table presents information on enterprise size based on annual sales volume and employed personnel.

Adapted from "Proyeccion poblacional por ciudades" by INEC Nota Técnica DIEE-2020. Classification issued by the Andean Community of Nations (CAN), retrieved from <https://www.ecuadorencifras.gob.ec/proyecciones-poblacionales>, (2020).

Based on the above and in order to delimit the study population, this research was applied in the four cities of Ecuador with the highest presence of companies engaged in the activity of trade, which are Quito, Guayaquil, Cuenca and Manta. According to Mogro and Bermúdez (2018), commerce is the largest activity that concentrates 13.3% of the companies. Based on the directory of the Supercias. as of July 2020, Table 2 describes the number of active enterprises during the last five years that each of the cities mentioned above would have.

In addition, the following selection criteria were established: (a) small and medium-sized enterprises - family SMEs (Campoverde, 2018; Mogro & Bermúdez, 2018). The results of Mogro

and Bermúdez (2018) indicate that small enterprises represent 33.8%, of which 85% are family businesses; and medium-sized enterprises reach 13.6%, of which 84% are family businesses. Table 3 shows the study population for this research.

Table 2

Number of companies in the commerce sector by city

City	No. of companies in the commerce sector	%
Cuenca	420	5,62%
Guayaquil	4,017	53,76%
Manta	123	1,65%
Quito	2912	38,97%
Total	7472	100,00%

Note: Number of companies in the commerce sector in the main cities of the country such as Cuenca, Guayaquil, Manta and Quito. Adapted from "Balance y directorio de empresas del Ecuador" by SUPERCIA, retrieved from <https://www.supercias.gob.ec/portalscv/s/>, (2020).

Tabla 3

Family-owned SMEs by City

City	No. Company	Small (S) (33,8%)	Medium (M) (13,6%)	S. Family (85%)	M. Family (84%)	SMEs family
Cuenca	420	142	57	121	48	169
Guayaquil	4.017	1.358	546	1.154	459	1.613
Manta	123	42	17	35	14	49
Quito	2.912	984	396	837	333	1.169
Total	7.472	2.526	1.016	2.147	854	3,000

Note: Selected population study of the Four Most Populous Cities in Ecuador. Taken from "Proyección de la poblacional ecuatoriana, por años calendario, según cantones 2010-2020" by Instituto nacional de estadísticas y censos, 2020, Retrieved from <https://www.ecuadorencifras.gob.ec/proyecciones-poblacionales/>. Los census data comprise the four cities in Ecuador with the largest presence of businesses engaged in commerce, which are Quito, Guayaquil, Cuenca and Manta.

Adapted from "Las Empresas Familiares en el Ecuador: Definición y aplicación metodológica" by Mogro and Bermúdez. X-Economic Trends, (2018). 2 (3), 46-72.

Therefore, the population through which the relationship between CEO personality, socioemotional wealth and improved competitiveness will be determined consisted of 3,000 family SMEs, which had the CEO as an informant. The appropriate sample size to run the hierarchical regression analysis, allowing the validation of the instrument, varies between 260 and 375 (Kline, 2011). According to Kline (2011) samples must meet the criterion of representativeness, i.e. the characteristics of the population must be present. Under that logic, the characteristics met by the participants of this research proposal are: (a) the study targeted small and medium-sized family businesses located in Ecuador, classified according to their size by the Directory of Companies and Establishments (DIEE), due to the fact that in small and medium-sized companies the CEO's personality exerts a greater impact, a consequence of his power over employees, ownership and objectives, which are expressed in terms of his perceptions and preferences, (b) the study focused on national private companies; (c) companies with at least five years of existence were considered as the object of study; (d) companies recognised by the Superintendence of Companies, Securities and Insurance were analysed; and (e) the study focused on family companies belonging to the most representative economic sector, i.e. wholesale and retail trade.

Based on the above, the study population was 3,000 family SMEs domiciled in the cities of Quito, Guayaquil, Cuenca, and Manta, whose economic activity is commerce; for the calculation of the sample for finite populations, the recommendations of Krejcie and Morgan (1970) were considered, applying the following formula to determine the sample size:

$$s = X^2 NP (1-P) - d^2 (N-1) + X^2 P(1-P)$$

$$s = 3.841(3000)(0,50)(1-0,50) - 0,052(3000-1) + 3.841(0,50)(1-0,50)$$

$$s = 341$$

Where

S = required sample size

X^2 = the value of the chi-square table for 1 degree of freedom at the desired level of confidence is 3.841

N = the sample population

P = the proportion of the population assumed to be .50 as this would provide the maximum sample size

d = the degree of precision expressed as a ratio of .05.

Such a procedure has been used in research publicadas en la Web of Sciencie, (Mehdizadeh et al., 2020; Noroozi & Gandomfeshan, 2020).

The calculated response rate is 12, however, considering that the survey was sent by email to the participants, this value could differ since of the 3000 emails sent it is estimated that 10 and 20 % could not receive the information for different reasons, such as not having access to Internet, or the email could not be correct; in the collection process 352 questionnaires with valid answers were received from the general managers of small and medium family businesses in Ecuador, and once the validity and reliability of the instrument was achieved, hierarchical regression analysis was applied using SPSS 20 software, which made it possible to identify the interactions between personality traits, socioemotional wealth and improved competitiveness of Ecuadorian family SMEs.

The results showed a positive and significant relationship between extraversion, agreeableness and openness to experience of the CEO with socioemotional wealth and improved competitiveness of family businesses. However, in the case of emotional stability and conscientiousness, the results were not statistically significant with respect to socioemotional wealth and improved competitiveness. Our research contributes to the current literature by highlighting how each dimension of CEO personality enhances or inhibits the competitiveness improvement of family-owned SMEs. When the control variables were entered into the model, it became evident that the effect of these variables on the dependent variables was very weak. Furthermore, the non-response bias was calculated using analysis of variance (ANOVA) from the data on the number of employees,

age of the company, among other variables considered for the CEOs who responded and those who did not respond, as this comparison did not yield any significant difference between responding and non-responding companies, selection bias does not pose a threat to the present research (Nadkarni and Herrmann, 2010), therefore the control variable number of employees and age of the company does not significantly influence the results of the proposed model.



Chapter I: The Research Article

The research paper The impact of CEOs' personality on socioemotional wealth and competitiveness improvement of family-owned SMEs was published in the International Journal of Productivity and Quality Management (IJPQM). This journal is part of the Inderscience: Scopus (Elsevier), in quartile Q3 and ISSN online 1746-6482, ISSN print 1746-6474. IJPQM addresses strategies, techniques and tools for productivity and quality management and improvement in manufacturing and service organizations.

The impact of CEOs' personality on socioemotional wealth and competitiveness improvement of family-owned SMEs

Abstract: Socioemotional wealth has been considered the most important differentiator of the family firm as a unique entity. In this study, we examine the relationships between CEO personality (emotional stability, agreeableness, conscientiousness, openness to experience, extraversion), socioemotional wealth, and family firms' competitiveness improvement using a sample of 352 small and medium-sized family firms from Ecuador. The data were processed in SPSS using hierarchical regressions. Results showed a positive and significant relationship between the CEO's extraversion, agreeableness, and openness to experience with both socioemotional wealth and family firms' competitiveness improvement. However, in the case of emotional stability and conscientiousness, the results were not statistically significant regarding socioemotional wealth and competitiveness improvement. Our research contributes to the current literature by highlighting how each dimension of a CEO's personality either enhances or inhibits the competitiveness improvement of family-owned SMEs.

Keywords: CEO personality, emotional stability, agreeableness, openness to experience, extraversion, conscientiousness, socioemotional wealth, competitiveness improvement, family-owned SMEs, Ecuador

1. Introduction

Family-owned SMEs are the most common organisations in the world (Carr et al., 2021) and are vital to the success of any economy. They contribute significantly to generating new jobs (Peráček et al., 2020), drive development in the economy and social fabric, constitute a stable business core, and foster long-term sustainable growth. Family-owned SMEs are idiosyncratic, differing from other enterprises by management styles, strategic choices, and organisation (Nyamubarwa and Chipunza, 2021). The SME system includes elements such as the firm, the founder, and family involvement in associate bodies, such as the shareholders' meeting; therefore, the challenges are different from those faced by other types of organisations (Bertschi-Michel et al., 2019).

During recent years, studies have analysed different family-owned SME performance issues, such as corporate governance, structure, and yield, in job performance (McLarty and Holt, 2019), effects of family involvement on management, non-family members in the family firm (Tabor et al., 2018), nepotism, entrepreneurial risk in family firms (Zahra, 2018), family conflict (Rousseau et al., 2018), succession, family

and non-family CEOs (Kelleci et al., 2019), and innovation strategies (Civelek et al., 2021), among others; however, findings are heterogeneous, as are family SMEs themselves (Carr et al., 2021).

Heterogeneity makes family SMEs' behaviour less predictable and explains the variability of research findings on these organisations (Rau et al., 2019). Carr et al. (2021) believe that family SMEs are most diverse in the thoroughness of CEO decision-making. Because of their individual characteristics, such as personality, CEOs in family SMEs differ from other CEOs due to their higher degree of discretion (Kelleci et al., 2019). Despite the importance of CEO personality in strategic change management (Herrmann and Nadkarni, 2014), financial and organisational performance (Harrison et al., 2019; Nadkarni and Herrmann, 2010) and organisational capabilities (Bendig et al., 2017), there are few studies on family SMEs that examine the relationship between CEO personality and organisation-specific factors, such as socioemotional wealth (SEW; Kelleci et al., 2019).

Non-financial objectives such as SEW might also contribute to heterogeneity and potentially influence the decision-making behaviour of family SME CEOs (Chrisman and Patel, 2012; Debicki et al., 2016; Gomez-Mejia et al., 2007; Jiang et al., 2018; Kelleci et al., 2019). These objectives constitute the most notable difference between family SMEs and their non-family counterparts. Hence, decision-making, driven by CEOs' individual characteristics, must prevent any loss of SEW, which implies CEOs' willingness to accept significant risks for their performance; that is, there is an incompatibility between financial goals and SEW (Gomez-Mejia et al., 2007, 2010). However, theoretical and empirical **studies** suggest that these financial and family goals can converge in two specific situations: (a) when the family's interest focuses on passing control of the family business to the next generation (Gomez-Mejia et al., 2019) and (b) when the family business is performing below aspirations, exposing the firm to threat of bankruptcy (Chrisman and Patel, 2012).

The heterogeneity observed in family SMEs (Carr et al., 2021; Chua et al., 2012) could contribute to competitiveness improvement using managerial capabilities (Barney, 1991; Jahanshahi and Bhattacharjee, 2019) and differentiated investments in family SMEs' dominant resources, as well as the ability to innovate, which is necessary for the manager to be willing to experiment with changes (Kean, 2021). Competitiveness improvement entails long-range focus and dynamism and taking risks in exchange for prevailing in the market and achieving increased financial performance (Carvalho and Costa, 2014). Family SMEs' actions to achieve competitiveness improvement can reflect the CEO's individual characteristics, preferences, and influence (Prasad and Junni, 2017).

Decisions involving competitiveness improvement and SEW preservation do not occur coincidentally. The upper echelon theory (UET), proposed by Hambrick and Mason (1984), suggests that organisational outcomes (strategic choices and performance) are partially predicted by managerial background characteristics (Carr et al., 2021). Accordingly, CEO personality is a topic of UET discussion because of managerial discretion (Hambrick, 2007), which is higher for CEOs in family SMEs (Carr et al., 2021; Kelleci et al., 2019). Personality can be defined as a distinct set of characteristics that accurately predicts an individual's preferred behaviour in a particular situation, which is useful to explain differences in strategic change management (Herrmann and Nadkarni, 2014; Kolvereid and Åmo, 2021). The mixed results of research relating personality characteristics to other variables points to the need for further study (You et al., 2020). Therefore, it is especially important to study a family SME CEO's personality to explain its relationship with SEW and competitiveness improvement. In this sense, the UET can identify the unique cognitive aspects of family SME CEOs that can transcend the divergences and convergences that might occur between SEW and competitiveness improvement, considering that SEW is a new line of research that has been emphasised in the last decade and is related to variables such as performance in family businesses (Araya-Castillo et al., 2021). Therefore, the purpose of such research is to provide empirical evidence on the relationship between CEO personality traits, competitiveness improvement, and SEW in small and medium family businesses that allows owners to make appropriate decisions regarding the choice of CEO, which responds to the interests of achieving economic and non-economic results.

2. Literature review and hypothesis development

2.1 Perspective of the upper echelon theory

The UET, proposed by Hambrick and Mason (1984), has become one of the most influential theoretical perspectives in research related to strategic management (Neely et al., 2020). ‘The central premise of upper echelon theory is that executives’ experiences, values, and, especially, personality greatly influence their interpretations of the situations they face and, in turn, affect their choices’ (Hambrick, 2007, p. 334). According to Neely et al. (2020), the UET catalysed different research purposes to examine how executives’ characteristics and experiences shape their perceptions, choices, and actions, influencing various aspects, which can be grouped into the firm’s expected performance and outcomes. The UET is based on one of the premises of bounded rationality, specifically regarding uncertain and informationally complex situations that are objectively ‘knowable’ versus those that might merely be interpreted. The UET has undergone considerable evolution in recent years, especially in terms of conceptual and methodological development in the field of strategic leadership (Abatecola, 2018). As a result, to understand why organisations do what they do or perform as they do, one must consider the biases and dispositions of the decision makers, that is, their top executives (Carret al., 2021; Hambrick, 2007). There is empirical evidence of the moderation of CEO cultural and demographic attributes on variables such as performance in SMEs based on the UET (Friedmann et al., 2018).

2.2 The socioemotional wealth of family-owned SMEs

One of the most significant distinctions between family and non-family SMEs lies in the objectives they pursue; both seek profit, but SEW is equally or perhaps more important than financial performance for family SMEs (Jing et al., 2018; Swab et al., 2020). The concept of SEW was formally introduced in 2007, defined as ‘the firm’s non-financial aspects that satisfy the family’s affective needs’ (Gomez-Mejia et al., 2007, p. 106), an ‘endowment of affective value that the family has invested in the firm’ (Berrone et al., 2010, p. 82).

Having recently been added to the family-business literature, the SEW model proposed by Berrone et al. (2012) is based on a latent explanatory construct. The concept of SEW is multidimensional. The model proposes five dimensions of SEW based on previous research, called FIBER: (a) Family control and influence, (b) Identification of family members with the firm, (c) Binding social ties, (d) Emotional attachment of family members, and (e) family Renewal. This model evolved as a general extension of the behavioural agency theory, formulated years earlier by Wiseman and Gomez-Mejia (1998).

The main rationale of SEW is that a company makes decisions depending on the company’s dominant principles (Gomez-Mejia et al., 2007), with priority for preserving the company’s accumulated endowment. This undoubtedly means that problems are evaluated in terms of how anyone’s actions (for example, the CEO) will affect the socioemotional endowment. Even when there is a threat to that endowment in the family business, decisions are made by suspending economic logic (Berrone et al., 2010, 2012), which implies that the family that owns the business might disagree with the CEO (Gomez-Mejia et al., 2019).

Corporate governance precisely entails control over the agent. In the case of family SMEs, the family that owns the business exerts control, probably conditioning the CEO’s decision-making methods (Chrisman and Patel, 2012), motivated especially by their emotional attachment to the company and, often, by the desire to pass the company down to coming generations (Gomez-Mejia et al., 2019). The study by Gomez-Mejia et al. (2019) recognises that the family that owns the business shares financial risk-taking with the CEO (especially when the CEO receives his or her salary in company stock). However, the family will restrict the CEO’s behaviour when it jeopardises SEW, which could happen when the CEO is excessively risk-averse or, alternatively, takes excessive risks when seeking higher profit margins. However, there is empirical evidence that when SEW is considered, the ability of entrepreneurial orientation to explain variation in the performance of family firms is substantially improved (Hernandez-Perlines et al., 2020).

The balance between the two objectives (financial and preservation of SEW endowment) pursued by family

SMEs depends on the company's strategic behaviour, which depends on the CEO and his or her managerial ability (Ng et al., 2019) to interpret new challenges posed by exogenous variables, such as nations' legal, political, and social framework, and to design and implement strategies that match the behaviour of the internal business variables (human resources, technological factors, etc.) to its competitors' movements (Jahanshahi and Bhattacharjee, 2019; Jahanshahi et al., 2017).

2.3 Competitiveness improvement

In today's competitive, changing world, most companies are looking for ways to increase their competitiveness and leadership compared with their competitors (Jahanshahi and Bhattacharjee, 2019; Jahanshahi et al., 2015); hence, companies' competitiveness improvement involves optimising costs, exploiting opportunities, and neutralising threats (Barney, 1991). This is how family SMEs behave strategically (Basco, 2013). Companies' competitiveness improvement gives them a competitive advantage in their market position (Jahanshahi and Bhattacharjee, 2019; Rezaei et al., 2018).

A company pursuing competitive advantage offers higher-quality products, better managerial capability, increased profit, improved corporate image, and constant investment in research and development (Chang, 2011; Kumar et al., 2018). According to Jahanshahi and Bhattacharjee (2019), competitiveness improvement is the ultimate goal of organisations including family SMEs. Some industrial companies are more profitable than others because they possess specific factors that competitors cannot imitate and offer economic and other benefits, among which might be SEW. According to Barney (1991), some internal resources might be more important than others when building competitive advantage, for example, human resources (Jahanbazi et al., 2019; Ngoc et al., 2019). The CEO is ultimately an employee and can be considered the main source of competitiveness improvement in the business sector (Chang, 2011). However, research shows that the lack of investment in human capital is the main cause of low labour productivity in small and medium-sized companies (Ismail, 2018).

A company's strategic corporate social responsibility actions competitively position its image for competitors and potential customers. This aligns with the interests of family businesses. A firm's competitive position, according to Jonason et al. (2015), can be measured by the organisational prestige perceived by both the community and employees. According to Jonason et al. (2015), the dark triad of CEO personality could affect perceived organisational prestige, which can simultaneously act as a predictor of employee job satisfaction; that is, dissatisfied employees do not contribute to a company's competitiveness improvement. This can also have repercussions for the company's performance. For example, dissatisfied employees cannot meet customers' needs and will prefer to leave the company, making it crucial to study CEO personality traits for SEW and competitiveness improvement.

2.4 CEO extraversion, socioemotional wealth, and competitiveness improvement

An extroverted CEO is dominant, which means that he or she is assertive, influential, and forceful in communicating opinions (Costa and McCrae, 1996). This would be a frequent trait in CEOs with effective managerial capabilities, exerting influence and assertiveness to mitigate frictions with the family that owns the company when there are differing points of view (Hambrick and Mason, 1984; Kelleci et al., 2019). This reflects emotional attachment and the desire to transfer business control to future generations (Schepers et al., 2014).

The CEO is responsible for determining the family SME's strategic behaviour, which can result in a competitive advantage (Prasad and Junni, 2017). However, extroverted CEOs exert direction and dominance in decision-making to overcome the naysayers and status-quo defenders and create the momentum to initiate strategic change (Herrmann and Nadkarni, 2014), such as competitiveness improvement, which would ultimately increase financial returns. A family SME's corporate governance will constrain the CEO's behaviour when its SEW endowment decreases, conditioning any decisions on product innovation strategies, imitation, and sustainability that a CEO might make to improve the firm's

performance (Larijani and Saravi, 2018; Ng et al., 2019). Based on these assumptions, the following is expected:

Hypothesis 1a: Extraversion is positively related to SEW.

Hypothesis 1b: Extraversion is positively related to competitiveness improvement.

2.5 Emotional stability, socioemotional wealth, and competitiveness improvement

A CEO with emotional stability traits is critical, sceptical, and not easily impressed (McCrae and Costa, 1987). This could make it difficult for the CEO to identify with the family SME, as these traits reflect the family's identity (Hambrick and Mason, 1984); when a CEO does not identify with the organisation, this can hinder the innovation that would lead to competitiveness improvement (Ng et al., 2019). Emotional stability reflects individuals' ability to adjust their emotional state to various situations and to remain calm, level-headed, and self-confident in stressful situations (Costa and McCrae, 1992). Therefore, a CEO with this trait would be expected to be inclined towards generating binding social ties and improving family members' emotional attachment to the company. This would increase the company's SEW endowment, so the family that owns the business would have greater control over the CEO's actions (Gomez-Mejia et al., 2019).

Emotionally stable CEOs might exhibit anxiety, and more anxious executives might make less risky strategic decisions (Mannor et al., 2016); individuals with emotionally stable personality traits tend to perceive greater risk in any decision (Benischke et al., 2019), which could hinder the pursuit of competitiveness improvement. Greater competitiveness could ultimately mean higher financial performance, thereby achieving an increase in SEW endowment (Gomez-Mejia et al., 2019), especially because one of the main sources of competitive advantage is managerial capability (Ng et al., 2019). Additionally, the opposite trait of emotional stability, narcissism, tends to exploit greater opportunities for innovation in family businesses by fostering greater comprehensiveness in the strategic decisions of top management teams (Rovelli et al., 2022). Accordingly, the following hypotheses are postulated:

Hypothesis 2a: CEO emotional stability is positively related to SEW.

Hypothesis 2b: CEO emotional stability is negatively related to competitiveness improvement.

2.6 Agreeableness, socioemotional wealth, and competitiveness improvement

Agreeableness is the tendency to be compassionate and cooperative (Hrazdil et al., 2019). An agreeable person tends to avoid conflict and value relationships (Costa and McCrae, 1992). This can enhance team dynamics and collective behaviour, thus consolidating member empowerment. An agreeable person acts confidently, reflecting good character (Hrazdil et al., 2019), and tends to be surrounded by others who are supportive and warm, thus often achieving satisfying interpersonal bonds.

A CEO with such a positive attitude can transmit it to the company's organisational and work climate (Nadkarni and Herrmann, 2010). This indicates a desire to improve the company's competitiveness by delivering better-quality services and products to customers (Jahanshahi and Bhattacharjee, 2019). Furthermore, the firm will present a more positive image in comparison to its competitors (Chang, 2011). Improving the company's image fosters a sense of acknowledgement of the family's ability to promote strong social ties with employees, suppliers, customers, and the community in general (Berrone et al., 2012).

A CEO with a pleasant personality can easily align with the objectives of the family that owns the business; that is, perceptions about risk could be the same (Gomez-Mejia et al., 2019), so that the organisation's behaviour is complemented, and a balance is maintained between the family's objectives and improving the family SME's competitiveness by designing a new business model (Weimann et al., 2020). Research

reinforces the arguments that congenial leaders build more effective relationships with subordinates and create cohesive teams that are more likely to perform well (Blake et al., 2022). Based on the literature review, the following hypotheses are proposed:

Hypothesis 3a: Agreeableness is positively related to SEW.

Hypothesis 3b: Agreeableness is positively related to competitiveness improvement.

2.7 Conscientiousness, socioemotional wealth, and competitiveness improvement

Conscientious individuals are cautious, deliberate, and intolerant of ambiguity (Bono and Judge, 2004; Costa and McCrae, 1996), which could generate friction with decisions that the family would like to influence him or her to achieve, with the goal of preserving SEW. According to Herrmann and Nadkarni's (2014) study, CEOs with conscientiousness traits resist change, showing that they need to control their environment based on their perceptions and beliefs, which might not align with the idea of favouring a family SME's non-economic objectives (Costa and McCrae, 1988).

Nonetheless, a CEO with this personality trait can give the company the feeling of a more democratic environment, generate new communication channels that link the family that owns the company with the rest of the stakeholders (Nadkarni and Herrmann, 2010), and share information to improve companies' competitiveness. In addition, conscientious CEOs can influence individuals to increase task cohesiveness and team morale with social engagement, which is related to motivating staff to achieve quality in service. As one dimension of competitiveness improvement, this generates a balanced environment between social activity and norms (Costa and MacCrae, 1992), assuming responsibilities, and favouring the commitment to competitiveness improvement in family SMEs (Berrone et al., 2010). Moreover, CEOs with this personality type are achievement-oriented and wish to excel, which implies that the CEO will be willing to improve competitiveness (Schepers et al., 2014). In that vein, the following hypotheses are proposed:

Hypothesis 4a: Conscientiousness is negatively related to SEW.

Hypothesis 4b: Conscientiousness is positively related to competitiveness improvement.

2.8 Openness to experience, socioemotional wealth, and competitiveness improvement

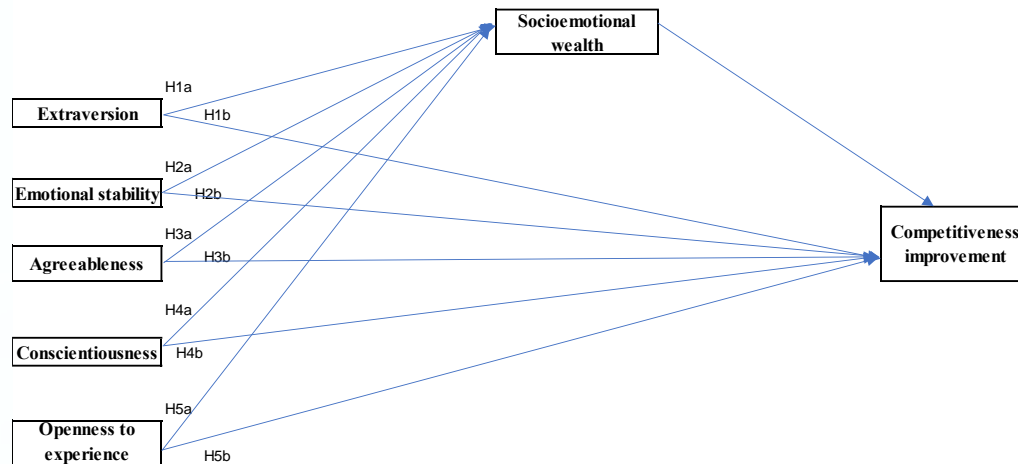
Individuals who are open to experience tend to be receptive to new experiences such as new feelings, thoughts, perspectives, and ideas (Nadkarni and Herrmann, 2010). These types of people are often unconventional, original, and independent thinkers (Costa and McCrae, 1992); have flexible attitudes; are open to change; show independent judgment and autonomy; and are willing to rely on team-based decision-making (Araujo et al., 2016), which could favour a family SME's endowment of SEW.

A CEO with these characteristics will exhibit strategic behaviour oriented towards business performance, for which he or she needs to design a new business model (Weimann et al., 2020). This could generate conflicts in the family that owns the company regarding their perception of risks versus SEW endowment (Gomez-Mejia et al., 2019). However, individuals with openness to experience can understand and adapt to others' perspectives because they know how to listen, even to views they find unpleasant (Costa and McCrae, 1996). Individuals who exhibit traits of openness to experience also maintain balanced, nuanced positions in controversial situations and show greater independence of judgment when social pressures towards conformity are imposed on them (Tetlock et al., 1993). Studies point out that CEOs who are open to experience promote strategic change (Herrmann and Nadkarni, 2014) in the company, which favours competitiveness improvement. Accordingly, the following hypotheses are proposed:

Hypothesis 5a: Openness to experience is positively related to SEW.

Hypothesis 5b: Openness to experience is positively related to competitiveness improvement.

Figure 1. Proposed theoretical model



The proposed model is based on the central premise of the UET, which holds that executives' experiences, values, personality, and aspects such as age, education, socioeconomic factors, and financial position, among other observable characteristics, influence their interpretations of the situations they face and therefore also their strategic decisions related to product innovation, unrelated and related diversification, technology acquisition, capital intensity, response time, and financial leverage, among others, which at the same time will be reflected in the company's performance (Hambrick and Mason, 1984). Based on this premise, it is evident that the CEO's personality and other demographic aspects can, on the one hand, be related to the objectives of the family that owns the company, and on the other hand, influence the improvement of the competitiveness of the family business (Hambrick, 2007; Kelleci et al., 2019; Prasad and Junni, 2017).

An indicator of the competitive position of the company is the strategic actions of corporate social responsibility that expose the company's image to competitors and potential customers (Sen et al., 2006). This coincides with the interests of family businesses (Gómez-Mejía et al., 2011).

The competitive position of a firm, according to Herrbach et al. (2004) and Jonason et al. (2015), can be measured by the organisational prestige perceived by both the community and employees (SEW). Jonason et al. (2015) argue that the dark triad of CEO personality can influence perceived organisational prestige, which at the same time serves as a predictor of employee job satisfaction; that is, dissatisfied employees do not contribute to a company's competitiveness improvement process. This can also have repercussions for the company's performance (Wiklund and Shepherd, 2003). For example, dissatisfied employees are unable to meet the needs of customers and will prefer to leave the company (Herrbach et al., 2004).

3. Research methodology

To test the hypotheses, family-owned SMEs in Ecuador in an unstable financial, economic, and political environment were used, as evidenced by fluctuating inflation rates, availability of financial capital, and the

legal framework that creates significant uncertainty for CEOs in the business environment (Herrmann and Nadkarni, 2014). Therefore, the personality of the family SME CEO in the face of such dynamics can influence strategic change decisions to enable, on the one hand, preserving SEW, and on the other hand, enhancing competitive advantage. The population for this study was the CEOs of Ecuadorian family SMEs.

CEOs of SMEs enjoy considerable power to formulate and implement strategies; that is, they have direct, personal contact with most levels of management and hence play an important role in strategy design and implementation. They might dominate decision-making and establish company climate through their style, personality, objectives, and attitudes (Herrmann and Nadkarni, 2014; McLarty and Holt, 2019; Nadkarni and Herrmann, 2010).

For the study, we considered the definition by Chua et al. (1999), who argue that a family SME is ‘governed and/or managed with the intention of shaping and pursuing the firm’s vision through a dominant coalition controlled by members of the same family or a small number of families in a way that is potentially sustainable across generations’ (p. 25). The above definition was used by researchers such as McLarty and Holt (2019), Camino and Bermudez (2018), and Schepers et al. (2014), among others.

Based on information from the portal of the Superintendence of Companies, Securities, and Insurance of Ecuador (Superintendencia de Compañías, Valores y Seguros del Ecuador [Supercias]) with a 2018 cut-off, Camino and Bermúdez (2018) analysed 68,536 active companies and considered 424,038 shareholders. They determined that 85% of small, 84% of medium, and 69% of large companies are family owned. It should be noted that small and medium companies differ from micro and large companies in terms of both sales volume and number of employees, criteria established and recognised by the Andean Community of Nations (CAN). Small companies range from sales of \$100,001 to \$1,000,000, or have 10 to 49 employees; type ‘A’ medium-sized companies have sales of \$1,000,001 to \$2,000,000 and 50 to 99 employees registered on the payroll; and type ‘B’ medium-sized companies have sales of \$2,000,001 to \$5,000,000 and between 100 and 199 employees.

To determine the population, the four cities in which the country’s largest number of companies are concentrated were considered, according to the records of the Superintendence of Companies as of 2020: Quito, Guayaquil, Cuenca, and Manta. The results of Camino and Bermúdez (2018) indicate that in Ecuador, small businesses represent 33.8% of all these companies, of which 85% are family businesses; and medium-sized businesses total 13.6%, of which 84% are family businesses in the wholesale and retail trade sector, because it is the largest economic activity, representing 13.3% of the total number of businesses (Camino and Bermúdez, 2018).

The information-gathering process involved three stages. In the first, a documentary analysis considered the financial information reported on the portal of Ecuador’s Superintendence of Companies to identify family SMEs that met the criteria outlined by Schepers et al. (2014): (a) At least 50% of the shares are owned by the family, and the family is responsible for managing the company, or (b) at least 50% of the shares are owned by the family, but the company is not managed by the family. The Superintendency’s website directory of companies was downloaded (file number, name of the company, type of company, economic activity, city, size, sector, number of employees, assets, equity, sales revenue, profit, name of the legal representative, position, company telephone number). With the file number, the Superintendency’s website was accessed to verify the shareholder tree. This was done for six months, between October 2020 and March 2021, resulting in a refined base of 3,000 family SMEs that met the criteria escribed above.

In the second stage, following the recommendations of Nadkarni and Herrmann (2010) and Herrmann and Nadkarni (2014), a two-way translation (reverse translation) was done, from English to Spanish and from Spanish back to English. The translation experts, Latin American professionals familiar with the field of management, have been living for several years in a country where their language is English. To ensure the validity and reliability of the information collected, according to Carneiro et al. (2011) and Pascucci et al. (2016), two stages were applied: (a) content validation of the instrument through interviews with experts in the area of family SMEs, following the recommendation of Razzack and Jassem (2019) – there were nine experts, four academics and five professionals in the field; and, (b) regarding criterion validity, the recommendations of Herrmann and Nadkarni (2014) were considered, and a pilot test was executed with

the participation of 10 CEOs of family SMEs (not included in the sample). This was used to determine the time of application of the survey and to correct errors that could bias the results.

Finally, in the third stage, with the data from the corrected database and validated instruments, the CEOs were contacted by telephone calls, e-mails, and messages through LinkedIn (Kelleci et al., 2019) to explain the purpose of the research and the confidentiality of data processing, requesting their participation. Those who showed a predisposition to participate in this study were sent the informed consent, which was part of the form's structure. The information was collected over 60 days (March and April 2021), obtaining a response rate of 12%; a total of 359 forms were received, of which 7 incomplete questionnaires were eliminated, resulting in 352 questionnaires with valid answers. This sample size is consistent with recent survey-based CEO studies (Antonio et al., 2020). Our 12% response rate is consistent with other CEO studies ranging from 12 to 14% (Carpenter et al., 2004).

The average age of the respondents was 38.07 years (SD = 10.71 years). Of the CEOs, 66.5% are male, and 95.2% of the respondents hold academic degrees, of which 62.80% majored in engineering and business. Of the CEOs surveyed, 50% are members of the family that owns the company, and the average length of time they have been in their current position is 5.12 years (SD = 5.51 years). The mean total number of members of the business-owning family who are currently employed in the company is four (SD = 12 members).

Considering that the survey measures different constructs and was self-administered, a method used in studies measuring work behaviour and following the recommendation of Fuller et al. (2016), it was necessary to examine common method variance, especially because the constructs measure personality traits (Podsakoff et al., 2003). However, common method variance bias cannot account for mediating effects that are central to the model because common method variance bias would attenuate interaction effects rather than inflate them (Jahanshahi et al., 2017; Zhang and Jahanshahi 2016). Therefore, any presence of common method variance bias only makes the estimates more conservative.

To validate or discard the hypotheses of the conceptual model described in previous chapters, this proposal suggests a research design with a quantitative approach to explain and, under the deductive paradigm, obtain consistent results that allow for contributing to the area of family business research. The methodological design is coupled with the research questions and the contrast of hypotheses of interaction between the model variables, trying to be consistent with the purpose of the research (Herrmann and Nadkarni, 2014).

The research design was non-experimental and cross-sectional, with a quantitative approach and explanatory scope. Non-experimental designs do not manipulate the research variables because the researcher does not have control of the phenomenon, as occurs with experimental designs. On the other hand, a cross-sectional research design is characterised by integrating an analysis of the variables proposed in the conceptual framework with the purpose of collecting data in a given time, without considering possible variations in the results in the future. The quantitative approach makes it possible to measure and estimate magnitudes of the research phenomena. Research designs with a quantitative approach imply that a set of variables, strictly controlled through statistical analysis, provide measurements or observations to test a theory; objective data result from empirical observations and measurements that, once subjected to validity and reliability criteria, enable meaningful interpretations of the results to be obtained (Creswell, 2014).

A design with a quantitative approach is the most appropriate because some research related to the variables that this paper analyses, such as McLarty and Holt (2019), employed this approach and obtained valid results regarding capturing data that explain the interactions produced between the study variables of CEO personality, SEW of the family business, and competitiveness improvement. In this case, the present research is guided by the works of McLarty and Holt (2019).

On the other hand, the research is a reference at the level of Ecuador and Latin America, with the object of study being the family businesses that have been consolidated as the largest predominant form of business organisation in the world (Sharma et al., 2012). Due to the absence of studies with similar purposes, it was considered necessary to design research and use robust methodologies, which allow for the refinement of factors that will be validated to fill the gap in the literature referred to CEO personality, SEW in family businesses, and competitiveness improvement (Araya-Castillo et al., 2021; Kelleci et al., 2019; Yu et al.,

2019) and that enable reaching reliable conclusions and, of course, charting a path in the research related to the variables of the present study.

To calculate the non-response bias, analysis of variance (ANOVA) was applied based on the data of the number of employees of responding and non-responding companies (responding versus non-responding companies: $F = 0.590$, n.s.) and the gender of CEOs (responding versus non-responding companies: $F = 0.276$, n.s.). As these comparisons did not yield any significant difference between responding and non-responding companies, selection bias poses no threat to the present research (Nadkarni and Herrmann, 2010).

Once the validity and reliability of the instrument were achieved and considering the recommendations of McLarty and Holt (2019), hierarchical regression analysis was used to validate the research hypotheses, which, with the help of SPSS 20 statistical software, enabled identification of the interactions between personality traits, SEW, and improving the competitiveness of Ecuadorian family SMEs. McLarty and Holt (2019) recommend that prior to creating the interaction terms and executing the analysis, the independent and control variables should be centred. This is possible when the mean of each variable is subtracted from the score of each respondent, creating a centred variable with a mean value equal to 0 (McLarty and Holt, 2019). According to Cohen et al. (2003), this operation minimises the probability that multicollinearity between the main effect variables will bias the interaction term and its interpretation.

Once the above has been executed, McLarty and Holt (2019) suggest that considering the interaction that could be generated on the dependent variable, in the first step, the control variables are introduced; in the second step, the personality traits to be validated should be added: (personality trait*SEW), (personality trait*Competitiveness Improvement). Pearson's correlation coefficient, the variation in the coefficient of determination, and the variation in the F-value were used to evaluate each of the hypotheses. To verify that the interaction effects are significant, McLarty and Holt (2019) suggest employing Hayes' approach to run simple slope tests to reinforce the decision to reject or accept the research hypotheses.

3.1 Measurements

The survey was addressed to the CEO. It was divided into three sections to gather information on the five major traits of the CEO's personality, SEW, and competitiveness improvement of Ecuadorian family SMEs, consisting of 24 items.

CEO personality

Nadkarni and Herrmann (2010) explain that CEOs operating in family SMEs wield considerably more power in strategy formulation and implementation than CEOs in large firms, who are forced to delegate authority to other managers. This is more apparent if the CEO is the founder of the SME. This implies that CEOs have direct, personal contact with most levels of management; hence, they play an important role in strategy design and implementation, dominate decision-making, and establish the company climate through their style, personality, goals, and attitudes (Herrmann and Nadkarni, 2014; McLarty and Holt, 2019). Considering the above, the five-trait model was employed to measure CEO personality (extraversion, emotional stability, agreeableness, conscientiousness, and openness to experience), specifically the 'extra-short form of the Big Five Inventory-2 BFI-2-XS' (Soto and John, 2017a), which consists of 15 items on a 5-point Likert scale (1 = strongly disagree and 5 = strongly agree).

The 15-item BFI-2-XS instrument includes six reverse items: 'I am emotionally stable; I am not easily upset', 'I tend to be calm', 'I have little interest in abstract ideas', 'I am sometimes rude to other people', 'I tend to be disorganized', and 'I have difficulty starting tasks', which were recoded (Soto and John, 2017a, 2017b). The Cronbach's alpha per construct of the items measuring personality traits is between 0.790 and 0.821 for emotional stability, 0.783 and 0.806 for agreeableness, 0.782 and 0.804 for conscientiousness, 0.782 and 0.806 for openness to experience, and 0.782 and 0.821 for extraversion.

Socioemotional wealth

In their literature review, Gomez-Mejia et al. (2019) suggest that the role of SEW is to predict strategic changes within family SMEs, which at the same time influences firm performance. Because the interests of founding families are to perpetuate the family dynasty, the family's ability to influence and control the business, there is empirical evidence that concern for the preservation of SEW positively influences both entrepreneurial orientation and family business performance (Hernandez-Perlines et al., 2021), as well as strategic decision-making (Arzubiaga et al., 2020). The family will constrain CEO behaviour when SEW stability is at risk.

The stability of SEW is put at risk when the CEO is excessively risk-averse or when, due to the pursuit of higher profit margins, the CEO seeks excessive risk (Llanos-Contreras and Jabri, 2021).

To capture information on the SEW level, four items were considered, which correspond to the 'Strategic Orientations of Small and Medium-Sized Enterprises' (STRATOS); these served as indicators to measure the perpetuation of the family dynasty, the family's ability to influence and control the business (Scheepers et al., 2014) and also use a 5-point Likert scale (1 = not at all important and 5 = very important). The Cronbach's alpha of the items 'maintaining family traditions', 'creating and maintaining jobs for the family', 'independence of what is one's own', and 'independence in management' are 0.782, 0.783, 0.780, and 0.779, respectively.

Competitiveness improvement

In Chang's (2011) study, the competitiveness improvement of an SME can be understood as the degree to which a firm has optimised costs, exploited opportunities, and neutralised threats (Barney, 1991). According to Jahanshahi and Bhattacharjee (2019), competitiveness improvement enables firms to produce superior services or products for customers. This is possible when firms use their internal resources and managerial capabilities to create competitive advantages, which provide benefits to the firm (Barney, 1991). In simple terms, competitiveness improvement can be understood as the ability of a specific organisation to provide its products or services more effectively and efficiently than its main rivals in the market (Jahanshahi and Bhattacharjee, 2019). Five items, which were used in the studies of Jahanshahi and Bhattacharjee (2019) and Chang (2011), were employed to collect information on this variable, also rated on a 5-point Likert scale (1 = strongly disagree and 5 = strongly agree). The Cronbach's alpha of the items 'the quality of the products or services offered by the company is better than that of the competitors', 'the company has better management capability than the competitors', 'the profitability of the company is better than that of the competitors', 'the corporate image of the company is better than that of the competitors', and 'the competitors have difficulty copying the competitive advantage of our company' are 0.779, 0.781, 0.785, 0.782, and 0.783, respectively.

Control variables

To control for alternative explanations, we investigated some theoretically relevant variables. First, we controlled for CEO demographic variables (age, gender, and education). We also asked whether CEOs are members of the family that owns the firm (Gomez-Mejia et al., 2019; Kelleci et al., 2019) and controlled for the number of employees who are related to the family that owns the business. McLarty and Holt (2019) recommend that the surveys have control variables, such as the CEO's gender, the CEO's education, whether the CEO is related to the owners of the company, the year the company was founded, the size of the company, the number of employees who are related to the owners of the company, the number of partners in the company, and the number of partners who do not belong to the core family. These variables, especially those related to the CEO, according to McLarty and Holt (2019), will enable identification of whether there is any difference between CEOs with family ties and those without, in the process of improving competitiveness, and capture aspects of the environment that could influence the study variables.

4. Results

The means, standard deviations, and bivariate correlations are shown in Table 1. The review shows that all correlations are less than 0.6, which is favourable for the proposed model.

The results obtained in the correlations evidence a positive and significant relationship between extraversion traits with SEW and competitiveness improvement, which is in line with results extracted by Becker (2019), who, based on social cognition research, conclude that extroverted CEOs are more successful in business performance (Lartey, 2020). In the case of CEOs with agreeableness traits, there is evidence of a positive and significant relationship with SEW and competitiveness improvement, which is related to the results described by other authors who reinforce the arguments that agreeable leaders build more effective relationships with their subordinates and create cohesive teams that are more likely to perform well (Blake et al., 2022).

In addition, a positive and significant relationship is evidenced between CEOs with traits of openness to experience with SEW and competitiveness improvement, consistent with results obtained through other research that point out that leaders' openness to experience is associated with their greater involvement in marketing behaviours (Graham, 2021). As for CEOs with conscientiousness traits, there is evidence of a weak positive relationship with SEW, which is related to the research of Nadkarni and Herrmann (2010) that indicates that CEOs with conscientiousness traits resist change, which can generate friction with family members in their desire to preserve SEW. On the other hand, it is evident that conscientious CEOs have a positive and significant relationship with competitiveness improvement. Schepers et al. (2014) point out that CEOs with this type of personality are achievement oriented and desire to excel, which implies that they will be willing to improve competitiveness.

The results illustrated in the correlation table show a non-significant negative relationship between CEOs with emotional stability traits and SEW and a negative and significant relationship with competitiveness improvement. Mannor et al. (2016) points out that emotionally stable CEOs might show anxiety, and more anxious executives might make less risky strategic decisions.

Table 1. Descriptive statistics and correlations

Variable	Mean	s.d.	1	2	3	4	5	6	7	8	9	10	11	12
1. CEO Age	38.07	10.71	_											
2. CEO Gender	1.34	0.48	-0.26**	_										
3. CEO Education	2.66	0.69	0.20**	-0.07	_									
4. Is CEO a member of the family?	1.5	0.50	-0.18**	0.11*	0.07	_								
5. Number of employed family members	4.09	12.44	-0.14**	0.11*	-0.01	0.07	_							
6 Extraversion	10.20	1.60	0.15**	-0.09	0.12*	0.05	-0.06	_						
7. Agreeableness	10.56	2.07	0.04	0.05	-0.01	0.04	-0.01	-0.12*	_					
8. Conscientiousness	12.45	2.14	0.06	-0.02	-0.02	-0.03	-0.01	0.17**	0.25**	_				
9. Emotional stability	7.11	1.96	-0.04	0.16**	-0.01	0.06	0.02	0.06	-0.25**	-0.43**	_			
10. Openness to experience	11.43	2.02	0.14*	-0.07	0.03	-0.02	0.02	0.19**	0.32**	0.39**	-0.26**	_		
11. Socioemotional wealth	14.87	3.28	0.03	-0.05	-0.01	0.00	0.04	0.20**	0.20**	0.04	-0.01	0.21**	_	
12. Competitiveness improvement	19.47	4.07	-0.01	-0.09	0.06	0.04	0.03	0.15**	0.23**	.19**	-.18**	0.33**	.32**	_

** $p < 0.001$.

* $p < 0.05$.

To validate the study hypotheses, a hierarchical regression model was used to identify the main interactions between CEO personality traits and SEW. First, the control variables were entered. In step two, the CEO

personality traits were included, thus testing hypotheses H1a, H2a, H3a, H4a, H5a, as detailed in Table 2. The same procedure was used to determine the main effects of CEO personality on competitiveness improvement, thus testing hypotheses H1b, H2b, H3b, H4b, H5b. The results are shown in Table 3 (Herrmann and Nadkarni, 2014). Multicollinearity diagnosis was applied, and the values of variance inflation factors (VIFs) (highest VIF = 1.44) are below 10, so multicollinearity does not represent a problem for the study (Cohen et al., 2003; Jahanshahi et al., 2017).

Table 2 shows the model results ($\Delta R^2 = 0.12, p < .001$; $F = 8.59, p < .001$). The control variables identified the environmental factors (CEO demographics, family relationship, and number of employees who are family members) that could influence the effects of CEO personality traits and SEW. The model showed that the control variables had little influence on the effects of the independent variable (CEO personality) on SEW, and Hypotheses 1a, 3a, and 5a were validated; in the research analysis units of Hypotheses 2a and 4a, the relationship was validated, but there was not enough statistical significance to accept them.

Hypothesis 1a argued that extraversion is positively related to SEW. The coefficient shown in Table 2 is positive and significant ($\beta = 0.22; p < .001$), which supports Hypothesis 1a. In the case of Hypothesis 2a, it was theoretically established that emotional stability is positively related to SEW. The coefficient shown in Table 2 is positive ($\beta = 0.03$) but not significant, so there is not enough evidence to validate Hypothesis 2a.

Hypothesis 3a suggested a positive relationship between agreeableness and SEW. The results indicate that the coefficient is positive and significant ($\beta = 0.22, p < .001$); therefore, Hypothesis 3a is supported. On the other hand, Hypothesis 4a suggested that conscientiousness is negatively related to SEW. The results in Table 2 indicate that the coefficient ($\beta = -0.09$) is negative; however, $p < .10$. Therefore, it is not statistically significant, which implies that there is not enough evidence to validate Hypothesis 4a. Hypothesis 5a suggested a positive relationship between openness to experience and SEW. The findings indicate that the coefficient ($\beta = 0.14, p < .05$) is positive and statistically significant; therefore, Hypothesis 5a is validated.

Table 2. Results of the hierarchical regression of the main effects of personality traits on SEW

Variable	Model 1	Model 2
	(Controls only)	(Main effects)
	β	β
<i>Control variables</i>		
CEO Age	0.03	-0.03
CEO Gender	-0.05	-0.05
CEO Education	-0.02	-0.04
Is CEO a member of the family?	0.01	-0.02
Number of employed family members	0.05	0.06
F	0.37	
ΔR^2	0.01	
<i>Independent variables</i>		
Extraversion		0.22 **
Agreeableness		0.22 **
Conscientiousness		-0.09
Emotional stability		0.03
Openness to experience		0.14 *
F		8.59 **
ΔR^2		0.12 **

Adjusted R2

0.09

* $p < 0.05$.** $p < 0.001$. $N = 352$.

Table 3 shows the results of the hierarchical regression between CEO personality and competitiveness improvement ($\Delta R^2 = 0.16$, $p < .001$; $F = 11.74$, $p < .001$). There is no significant influence of the control variables on the study variables, and the results support Hypotheses 1b, 3b, and 5b. In the case of Hypotheses 2b and 4b, the relationship was justified but without statistical significance, leading us to reject them.

In the case of Hypothesis 1b, the coefficient is positive and significant ($\beta = 0.13$, $p < .05$); therefore, extraversion is positively related to competitiveness improvement, supporting the hypothesis. For the case of Hypothesis 2b, the results indicate that the coefficient is negative and not significant ($\beta = -0.07$, $p < .10$). Therefore, although there is evidence of a negative relationship between emotional stability and competitiveness improvement, there is not enough statistical evidence to validate Hypothesis 2b.

In the case of Hypothesis 3b, the coefficient is positive and significant ($\beta = 0.16$, $p < .001$), which implies that there is a positive relationship between agreeableness and competitiveness improvement, validating the stated hypothesis. On the other hand, Hypothesis 4b suggested that conscientiousness is positively related to competitiveness improvement. The results in Table 3 indicate that the coefficient ($\beta = 0.01$) is low positive; however, the p value is higher than .10. Therefore, it is not statistically significant, implying that there is not enough evidence to accept Hypothesis 4b. Finally, for Hypothesis 5b, the coefficient ($\beta = 0.23$, $p < .001$) is positive and significant, thus supporting the existence of a positive relationship between openness to experience and competitiveness improvement.

Table 3. Hierarchical regression results of the main effects of personality traits on Competitive Improvement

Variable	Model 1	Model 2
	(Controls only)	(Main effects)
	β	β
<i>Control variables</i>		
CEO Age	-0.04	-0.10
CEO Gender	-0.11	-0.09
CEO Education	0.06	0.05
Is CEO a member of the family?	0.04	0.02
Number of employed family members	0.03	0.03
F	1.09	
ΔR^2	0.02	
<i>Independent variables</i>		
Extraversion		0.13 *
Agreeableness		0.16 **
Conscientiousness		0.01
Emotional stability		-0.07
Openness to experience		0.23 +
F		11.74 +

ΔR^2	0.16 +
Adjusted R ²	0.14

* $p < 0.05$.

** $p < 0.01$.

+ $p < 0.001$.

$N = 352$.

5. Discussion

The central premise of the UET holds that executives' experiences, values, and, especially, personality greatly influence their interpretations of the situations they face and, in turn, affect their choices (Hambrick, 2007). Thus, to understand how companies behave, it is necessary to study the CEO's personality. CEOs face different challenges when they are at the head of family SMEs because the participation of the family that owns the business in decision-making can generate unique cognitive filters for managers (Chrisman and Patel, 2012).

Family SMEs, because of their idiosyncrasies, differ from other firms in their management styles, strategic choices, and organisation (Chua et al., 1999). The literature has argued that this is due to non-financial objectives such as SEW pursued by these organisations (Berrone et al., 2010, 2012; Gomez-Mejia et al., 2007). Some studies argue that SEW can be a benchmark for management, especially for SMEs that can generate competitive outcomes (Ng et al., 2019); others, by contrast, showed that SEW endowment can tell the firm when the family owning the business should constrain the CEO's behaviour regarding strategic decisions (Gomez-Mejia et al., 2019). Hence, certain research suggests that the best alternative to preserve, and increase SEW endowment is to elect a family member as CEO (Gomez-Mejia et al., 2007).

Recent studies suggested that family kinship one cannot fully explain or predict the differences between family and non-family CEOs, and thus, their personalities need to be considered (Kelleci et al., 2019). This study proposed a theoretical model in which the UET is connected to the family SME literature to explain how CEO personality traits can be related to competitiveness improvement, which, as a strategic decision, involves risk-taking and SEW (Gomez-Mejia et al., 2019).

The main purpose of this research was to evaluate the relationships among CEO personality, SEW, and competitiveness improvement. Based on the findings, the CEO personality traits that show a positive relationship with SEW are extraversion, agreeableness, and openness to experience, and these same traits influence competitiveness improvement. In the case of conscientiousness and emotional stability, these do not present a statistically significant relationship with SEW or competitiveness improvement.

If these results are interpreted from the perspective of risk to the family SME's SEW endowment, it could be said that CEOs who can quickly align with the risk assumptions of the family that owns the business are those who are extroverted, agreeable, and open to experience; with this, shared goals, such as competitiveness improvement, can be achieved, which ultimately means better family SME performance (Kelleci et al., 2019). However, these same personality traits in the CEO could leave openings for the family to exert greater control over their behaviour, at least when there is a perceived risk of a reduction in SEW endowment (Gomez-Mejia et al., 2007).

On the other hand, CEOs with emotional stability as a dominant personality trait will not be able to withstand the pressure exerted by the family that owns the business when they demand a combination of financial and non-financial objectives, for example, increasing SEW endowment and competitiveness improvement, which, according to the results, are positively related. Thus, it is not possible for CEOs with this personality trait to maintain a balance, let alone align with the risk assumptions of the family that owns the business.

It is particularly interesting that the findings seem to be insignificant in the relationship between conscientiousness and SEW. Conscientious CEOs are characteristically competent, orderly, productive, achievement-oriented, and responsible (Soto and John, 2017a), which implies a more systematic, rational decision-making process. Therefore, providing the same level of importance, and sometimes giving greater

priority to the endowment of SEW over financial objectives, could be contradictory to rational decision-making processes. This premise seems to align with the results of Carr et al. (2021), who argue that the need for (positive) cognition is linked to the thoroughness of strategic decisions and has significant indirect effects on performance. Thoroughness in decisions implies a systemic evaluation process, characteristic of CEOs with conscientiousness traits.

Overall, our paper, using data from Ecuador, contributes to the current literature by highlighting the positive and negative impacts of CEO personality on firm-level outcomes. Our research took the next step to provide a more comprehensive understanding of how CEO personality attributes in family-owned businesses influence SEW and firm competitiveness improvement.

6. Conclusions, suggestions, and limitations

The results of this study demonstrate that the combination of two important objectives for family SMEs – non-financial (SEW) and financial (competitiveness improvement) objectives – can be balanced by a CEO with a pleasant, extroverted, and open-to-experience personality. This paper responds to the research call made by Kelleci et al. (2019) regarding determining a CEO profile suitable to adapt to the special characteristics (SEW) present in family SMEs and contributes to the literature by identifying CEO personality attributes that are positively or negatively related to SEW and competitiveness improvement in family SMEs, paving the way for future research that incorporates other variables, considering that this is a recent shift in research that has been booming in the last decade (Berrone, 2012).

The relevance of this study is validated by the fact that competitively improving family SMEs depends on managerial capabilities, which are ultimately a reflection of the CEO's personality, and special resources, such as SEW, that are part of an array of management theories. For example, Barney's (1991) resources and capabilities theory postulates that firms' resources and capabilities are the primary source of competitive advantages, which are built through the combination of resources considered valuable, rare, and difficult to imitate or substitute. Investigating the relationships among CEO personality traits, SEW, and competitiveness improvement provides a better understanding of how individual managerial capabilities balance the needs of owner families between non-financial and financial objectives.

In practice, the results of this study could guide an SME owner family in selecting a CEO who meets their expectations to achieve long-term objectives such as competitiveness improvement and to preserve or enhance SEW, depending on the CEO's personality traits, as well as to consider the ideal family member for succession processes.

The present research is not without limitations that future research should consider overcoming to obtain better results. First, the collection process was conducted during a period in which mobility restriction measures were in effect because of the Covid-19 pandemic. Hence, the information presented throughout this work corresponds to a self-reported process, whereas some studies related to CEO personality have been conducted personally (Kelleci et al., 2019).

Another limitation that necessarily suggests caution in generalising the findings is the type of organisation. This research considered Ecuadorian family SMEs that belong to the commerce sector. Therefore, the results cannot be not generalised to large corporations, nor to other SMEs that perform other economic activities, especially those related to technology, which face other types of dynamics (Nadkarni and Herrmann, 2010). Finally, one of the limitations of this study is that data were collected in a single stage, whereas research practice indicates that two phases are required to capture a more relevant effect of personality on financial performance (Carr et al., 2021; Herrmann and Nadkarni, 2014; Nadkarni and Herrmann, 2010).

Considering the limitations, there is plenty of room to pursue fruitful new research. For example, it is recommended to delimit the levels at which CEO personality traits are considered weak, moderate, and strong to develop criteria with better explanations for family SMEs' performance, considering the mediating effect of SEW on financial performance, and involving SMEs from diverse economic sectors.

Another future line of research would include a moderating variable such as job satisfaction within the theoretical model presented in this study. This recommendation is justified because another resource that is considered important to construct competitive advantages is human talent (Barney, 1991). Accordingly, job satisfaction would reflect which personality traits make it possible to maintain a motivated staff to meet family SMEs' non-economic and economic expectations.

Finally, based on the literature review by Jiang et al. (2018) regarding the psychological dimension that includes SEW, it is recommended to conduct research comparing the personality traits of the family business owner and the CEO, thereby providing a series of commonalities that would enable the dominant family coalition to share a risk-taking vision with the CEO.

References

- Abatecola, G and Cristofaro, M. (2018) 'Hambrick and Mason's "Upper Echelons Theory": evolution and open avenues', *Journal of Management History*, Vol. 26, No. 1, pp.116 - 136
- Araujo, Y., Suarez, M and Aguilar, T. (2016) 'Exploring the Influence of CEO Extraversion and Openness to Experience on Firm Performance: The Mediating Role of Top Management Team Behavioral Integration', *Journal of Leadership and Organizational Studies*, Vol. 24, No. 2, pp.201 - 215
- Araya-Castillo, L., Hernández-Perlines, F., Moraga, H and Ariza-Montes, A. (2021) Scientometric 'Analysis of Research on Socioemotional Wealth', *Sustainability*, 13(7) [online] <https://doi.org/10.3390/su13073742> (Accessed 22 March 2022).
- Arzubiaga, U., Diaz-Moriana, V., Bauweraerts, J and Escobar, O. (2020) 'Big data in family firms: A socioemotional wealth perspective', *European Management Journal*, Vol. 39, No 3, pp.344 - 352
- Barney, J. (1991) 'Firm Resources and Sustained Competitive Advantage', *Journal of Management*, Vol. 17, No.1, pp.99 - 120
- Bendig, D., Strese, S., Flatten, T., da Costa, M and Brettel, M. (2017) 'On micro-foundations of dynamic capabilities: A multi-level perspective based on CEO personality and knowledge-based capital', *Long Range Planning*, Vol. 51, No. 6, pp.797 - 814
- Benischke, M., Martin, G and Glaser, L. (2019) 'CEO equity risk bearing and strategic risk taking: The moderating effect of CEO personality', *Strategic Management Journal*, Vol. 40, No. 1, pp.153 - 177
- Becker, J., Medjedovic, J and Merkle, C. (2019) 'The effect of CEO Extraversion on Analyst Forecasts: Stereotypes and Similarity Bias', *Financial Review*, Vol. 54, No 1, pp.133 - 164
- Berrone, P., Cruz, C and Gomez-Mejia, L. (2012) 'Socioemotional Wealth in Family Firms', *Family Business Review*, Vol. 25, No. 3, pp.258 - 279
- Berrone, P., Cruz, C., Gomez-Mejia, L and Larraza-Kintana, M. (2010) 'Socioemotional Wealth and Corporate Responses to Institutional Pressures: Do Family-Controlled Firms Pollute Less?', *Administrative Science Quarterly*, Vol. 55, No. 1, pp.82 - 113
- Bertschi-Michel, A., Sieger P and Kammerlander, N. (2019) 'Succession in family-owned SMEs: the impact of advisors', *Small Business Economics*, Vol. 56, No. 4, pp.1531 - 1551
- Blake, A., Luu, V., Petrenko, O., Gardner, W., Moergen, K and Ezerins, M. (2022) 'Let's agree about nice leaders: A literature review and meta-analysis of agreeableness and its relationship with leadership outcomes', *Leadership Quarterly*, Vol. 3, No. 1, pp. 1 - 23
- Bono, J and Juez, T. (2004) 'Personality and transformational and transactional leadership: a meta-analysis'. *Journal of Applied Psychology*, Vol. 89, No. 5, pp.901 - 910
- Camino, S and Bermúdez, N. (2018) 'Las Empresas Familiares en el Ecuador: Definición y aplicación metodológica', *X-Pedientes Económicos*, Vol. 2, No. 3, pp.46 - 72
- Carneiro, J., da Rocha, A and Da Silva, J. (2011) 'Determinants of export performance: a study of large Brazilian manufacturing firms', *Brazilian Administration Review*, Vol. 8, No. 2, pp.107 - 132

- Carpenter M., Geletkanycz M and Sanders W. (2004) 'Upper echelons research revisited: antecedents, elements, and consequences of top management team composition', *Journal of Management*, Vol. 30, No.6, pp.749 - 778
- Carr, J., Vardaman, J., Marler, L., McLarty, B and Blettner, D. (2021) 'Psychological Antecedents of Decision Comprehensiveness and Their Relationship to Decision Quality and Performance in Family Firms: An Upper Echelons Perspective', *Family Business Review*, Vol. 34, No. 1, pp.33 - 47
- Carvalho, L and Costa, T. (2014) 'Small and Medium Enterprises (SME) and competitiveness: An empirical study', *Journal of Management Studies*, Vol. 2, No. 2, pp.88 - 95
- Chang, C. (2011) 'The Influence of Corporate Environmental Ethics on Competitive Advantage: The Mediation Role of Green Innovation', *Journal of Business Ethics*, Vol. 104, No. 3, pp.361 - 370
- Chrisman, J and Patel, P. (2012) 'Variations in R&D investments of family and nonfamily firms: Behavioral agency and myopic loss aversion perspectives', *Academy of Management Journal*, Vol. 55, No. 4, pp.976 - 997
- Chua, J., Chrisman, J and Sharma, P. (1999) 'Defining the family business by behaviour', *Entrepreneurship Theory and Practice*, Vol. 23, No. 4, pp.19 - 39
- Chua, J., Chrisman, J., Steier, L and Rau, S. (2012) 'Sources of heterogeneity in family firms: An introduction', *Entrepreneurship Theory and Practice*, Vol. 36, No. 6, pp.1103 - 1113
- Chua, R. (2013) 'The Costs of Ambient Cultural Disharmony: Indirect Intercultural Conflicts in Social Environment Undermine Creativity', *Academy of Management Journal*, Vol. 56, No. 6, pp.1545 - 1577
- Civelek, M., Ključnikov, A., Fialova, V., Folvarčn, A and Stoch, M. (2021) 'Major obstacles in innovative activities of family-owned SMEs: Evidence from Czechia', *Economics and Sociology*, Vol. 14 No. 2, pp.137 - 149
- Cohen, J., Cohen, P., West, S and Aiken, L. (2003) *Applied multiple regression/correlation analysis for the behavioral science*, 3rd ed., Mahwah, NJ: Routledge.
- Costa, P and McCrae, R. (1992) 'Revised NEO Personality Inventory (NEO PI-R) and NEO Five-Factor Inventory (NEO FFI): Professional Manual', *Psychological Assessment Resources*, Vol. 6, pp.224 - 255
- Costa, P and McCrae, R. (1996) 'Chapter 20 - Mood and personality in Adulthood', *Handbook of Emotion, Adult Development, and Aging*, Vol. 10, pp.369 - 383
- Creswell, J. (2014) *Research Design: Qualitative, Quantitative and Mixed Methods Approaches*, 4th ed., CA: Sage.
- Debicki, B., Kellermanns, F., Chrisman, J., Pearson, A and Spencer, B. (2016) 'Development of a socioemotional wealth importance (SEWi) scale for family firm research', *Journal of Family Business Strategy*, Vol. 7, No. 1, pp.47 - 57
- Friedmann, C., Garg, R and Holtbrugge, D. (2018) 'CEOs' cultural and demographic attributes and organisational performance of Indian SMEs: an upper echelon approach', *International Journal of Entrepreneurial Venturing*, Vol. 10, No. 5, pp.483 - 512
- Fuller, C., Simmering, M., Atinc, G., Atinc, Y and Babin, B. (2016) 'Common methods variance detection in business research', *Journal of Business Research*, Vol. 69, No. 8, pp.3192 - 3198
- Gomez-Mejia, L., Neacsu, I and Martin, G. (2019) 'CEO risk-taking and socioemotional wealth: The behavioral agency model, family control, and CEO option wealth', *Journal of Management*, Vol. 45, No. 4, pp.1713 - 1738
- Gomez-Mejia, L., Hoskisson, R., Makri, M., Sirmon, D and Campbell, J. (2011). Innovation and the preservation of socioemotional wealth in family controlled high technology firms. *Unpublished manuscript*. College Station.
- Gomez-Mejia, L., Haynes, K., Nnez-Nickel, M., Jacobson, K and Moyano, J. (2007) 'Socioemotional Wealth and Business Risks in Family-controlled Firms: Evidence from Spanish Olive Oil Mills', *Administrative Science Quarterly*, Vol. 52, No. 1, pp.106 - 137
- Gomez-Mejia, L., Makri, M and Larraza, M. (2010) 'Diversification decisions in family-controlled firms', *Journal of Management Studies*, Vol. 47, pp.223 - 252

- Graham, K and Smith, R. (2021) 'When leaders are marketers: a duality perspective on the effect of openness to experience on marketing behaviors and the moderating role of bottom-line mentality', *Current psychology*, [online] <https://doi.org/10.1007/s12144-021-02216-2> (Accessed 22 March 2022).
- Guillaume, Y., Dawson, J., Priola, V., Sacramento, C., Woods, S., Higson, H., Budhwar, P and West, M. (2014) 'Managing diversity in organizations: An integrative model and agenda for future research', *European Journal of Work and Organizational Psychology*, Vol. 23, No. 5, pp.783 - 802
- Hambrick, D. (2007) 'Upper echelons theory: An update', *Academy of Management Review*, Vol. 32, No. 2, pp. 334 - 343
- Hambrick, D and Mason, P. (1984) 'Upper echelons: The organization as a reflection of its top managers', *Academy of Management Review*, Vol. 9, No. 2, pp.193 - 206
- Harrison, J., Thurgood, G., Boivie, S and Pfarrer, M. (2019) 'Measuring CEO personality: Developing, validating, and testing a linguistic tool', *Strategic Management Journal*, Vol. 40, No. 8, pp.1316 - 1330
- Herrmann, P and Nadkarni, S. (2014) 'Managing strategic change: The duality of CEO personality', *Strategic Management Journal*, Vol. 35, No. 9, pp.1318 - 1342
- Hernandez-Perlines, F., Covin, J and Ribeiro, D. (2021) 'Entrepreneurial orientation, concern for socioemotional wealth preservation, and family firm performance', *Journal of Business Research*, Vol. 126, pp.197 - 208
- Hernandez, F., Ariza, A and Ayala, L. (2020) 'Socioemotional wealth, entrepreneurial orientation and international performance of family firms', *Economic Research-Ekonomiska Istrazivanja*, Vol. 33, No. 1, pp.3125 - 3145
- Hrazdil, K., Novak, J., Rogo, R., Wiedman, C and Zhang, R. (2019) 'Measuring executive personality using machine-learning algorithms: A new approach and audit fee-based validation tests', *Journal of Business Finance and Accounting*, Vol. 47, No. 3, pp.519 - 544
- Ismail, R. (2018) 'The impact of human capital and innovation on labour productivity of Malaysian small and medium enterprises', *International Journal of Productivity and Quality Management*, Vol. 25, No. 2, pp.245 - 261
- Jahanbazi, A., Shahin, A., Nasr, A and Safari, A. (2019) 'Developing a model for classifying employee behaviour based on job satisfaction and loyalty using gap analysis and loyalty matrix with a case study in the gas industry', *International Journal of Productivity and Quality Management*, Vol. 27, No. 1, pp.1 - 16
- Jahanshahi, A and Bhattacharjee, A. (2019) 'Competitiveness improvement in public sector organizations: What they need?', *Journal of Public Affairs and international journal*, [online] <https://doi.org/10.1002/pa.2011> (Accessed 18 July 2020).
- Jahanshahi, A and Gomulya, D. (2017) 'CEOs' personality and interpretation process', *In Academy of Management Proceedings*, Vol. 2017, No. 1, p.10989 - 10999
- Jahanshahi, A.A., Nawaser, K., Eizi, N. and Etemadi, M. (2015), 'The Role of Real Options Thinking in Achieving Sustainable Competitive Advantage for SMEs', *Global Business and Organizational Excellence*, Vol. 35 No. 1, pp. 35-44.
- Jiang, D., Kellermanns, F., Munyon, T and Morris, M. (2018) 'More Than Meets the Eye: A Review and Future Directions for the Social Psychology of Socioemotional Wealth', *Family Business Review*, Vol.31, No. 1, pp.125 - 157.
- Jonason, P., Wee, S and Li, N. (2015) 'Competition, autonomy, and prestige: Mechanisms through which the Dark Triad predict job satisfaction', *Personality and Individual Differences*, Vol. 72, pp.112 - 116.
- Kean, J. (2021) 'Family Firms, Enterprise Development and Tacit Knowledge Transformation: Small and Medium Enterprises (SMEs) Innovation in Malaysia', *Global Business Review*, [online] <https://doi-org.ezproxybib.pucp.edu.pe/10.1177/09721509211047648> (Accessed 21 March 2022).
- Kelleci, R., Lambrechts, F., Voordeckers, W and Huybrechts, J. (2019) 'CEO Personality: A Different Perspective on the Nonfamily Versus Family CEO Debate', *Family Business Review*, Vol. 32, No. 1, pp.31 - 57.
- Kolvereid, L and Åmo, B. (2021) 'Quality and performance in small accounting firms', *Int. J. Productivity and Quality Management*, Vol. 32, No. 1, pp.129 - 145.

- Kumar, S., Ashwani, K and Singh, B. (2018) 'Social implications of lean manufacturing system: TISM approach', *International Journal of Productivity and Quality Management*, Vol. 24, No. 1, pp.12 - 32.
- Larijani, F and Saravi, N. (2018) 'The effects of positive organisational behaviour on entrepreneurial personality and innovation', *International Journal of Productivity and Quality Management*, Vol. 23, No 2, pp.247 - 272
- Lartey, T., Kesse, K and Danso., A. (2020) 'CEO extraversion and capital structure decisions: The role of firm dynamics, product market competition, and financial crisis', *Journal of Financial Research*, Vol. 43, No 4, pp.847 - 893.
- Llanos-Contreras, O and Jabri, M. (2021) 'Socioemotional wealth of family firms: the theoretical perspective and challenges', *European Journal of International Management*, Vol. 16, No. 1, pp.60 - 84.
- Mannor, M., Wowak, A., Bartkus, V and Gomez-Mejia, L. (2016) 'Heavy lies the crown? How job anxiety affects top executive decision making in gain and loss contexts', *Strategic Management Journal*, Vol. 37, pp.1968 - 1989
- McLarty, B and Holt, D. (2019) 'A Bright Side to Family Firms: How Socioemotional Wealth Importance Affects Dark Traits–Job Performance Relationships', *Family Business Review*, [online] <https://doi.org/10.1177/0894486519888397> (Accessed 20 December 2019).
- McCrae, R and Costa, P. (1987) 'Validation of the five-factor model of personality across instruments and observers', *Journal of Personality and Social Psychology*, Vol. 52, No. 1, pp.81 - 90
- Nadkarni, S and Herrmann, P. (2010) 'CEO Personality, Strategic Flexibility, and Firm Performance: The Case of the Indian Business Process Outsourcing Industry', *Academy of Management Journal*, Vol. 53, No. 5, pp. 1050 - 1073
- Ngoc, N., Dinh, T., Chi, P and Matsui, Y. (2019) 'The relationship between human resource management practices and manufacturing flexibility: empirical evidence from manufacturing companies in Vietnam', *International Journal of Productivity and Quality Management*, Vol. 26, No. 4, pp.394 - 416
- Nyamubarwa, W and Chipunza, C. (2021) 'Formalising human resource practices in family-owned accommodation Small and Medium-sized Enterprises (SMEs): Integrating owner-manager's personal characteristics with aspects of the UTAUT model', *Journal of Human Resource Management*, Vol. 19, pp.1 - 11
- Neely, B., Lovelace, J., Cowen, A and Hiller, N. (2020) 'Metacritiques of Upper Echelons Theory: Verdicts and Recommendations for Future Research', *Journal of Management*, Vol. 46, No. 6, pp.1029 -1062
- Ng, P., Dayan, M and Di Benedetto, A. (2019) 'Performance in family firm: Influences of socioemotional wealth and managerial capabilities', *Journal of Business Research*, Vol. 102, pp.178 - 190
- Pascucci, F., Bartoloni, S and Gregori, G. (2016) 'Export market orientation and international performance in the context of SMEs', *Journal of Small Business and Entrepreneurship*, Vol. 28, No. 5, pp.361 - 375
- Peráček, T., Vilčeková, L and Strážovská., L. (2020). 'Selected Problems of Family Business: A Case Study from Slovakia', *Acta Polytechnica Hungarica*, Vol. 17, No. 7, pp. 145-162
- Podsakoff, P., MacKenzie, S., Lee, J and Podsakoff, N. (2003) 'Common method biases in behavioral research: a critical review of the literature and recommended remedies', *Journal of applied psychology*, Vol. 88, No. 5, pp.870 - 879
- Prasad, B and Junni, P. (2017) 'A contingency model of CEO characteristics and firm innovativeness: The moderating role of organizational size', *Management Decision*, Vol. 55, No. 1, pp.156 - 177
- Rau, S., Schneider-Siebke, V and Günther, C. (2019) 'Family Firm Values Explaining Family Firm Heterogeneity', *Family Business Review*, Vol. 32, No. 2, pp.195 - 215
- Razzak, M and Jassem, S. (2019) 'Socioemotional wealth and performance in private family firms: The mediation effect of family commitment', *Journal of Family Business Management*, Vol. 9, No.4, pp.468 - 496
- Rezaei, A., Mohsen, S and Ansari, R. (2018) 'Effect of organisational culture and organisational learning on organisational innovation: an empirical investigation', *International Journal of Productivity and Quality Management*, Vol. 23, No. 3, pp.307 - 327

- Rousseau, M., Kellermanns, F., Zellweger, T and Beck, T. (2018) 'Relationship Conflict, Family Name Congruence, and Socioemotional Wealth in Family Firms', *Family Business Review*, Vol. 31, No. 4, pp.397 - 416
- Rovelli, P., De Massis, A and Gomez-Mejia, L. (2022) 'Are narcissistic CEOs good or bad for family firm innovation?', *Human Relations*, [online] <https://doi.org/10.1002/pa.2011> (Accessed 23 March 2022).
- Schepers, J., Voordeckers, W., Steijvers, T and Laveren, E. (2014) 'The entrepreneurial orientation–performance relationship in private family firms: the moderating role of socioemotional wealth', *Small Bus Econ*, Vol. 43, pp.39 - 55
- Sen, S., Bhattacharya, C and Korschun, D. (2006) 'The Role of Corporate Social Responsibility in Strengthening Multiple', *Academy of Marketing Science Journal*, Vol. 34, pp.158 - 166
- Sharma, P., Chrisman, J and Gersick, K. (2012) '25 Years of Family Business Review: Reflections on the Past and Perspectives for the Future', *Family Business Review*, Vol. 25, No 1, pp.5 - 15
- Soto, C and John, O. (2017a) 'Short and extra-short forms of the Big Five Inventory–2: The BFI-2-S and BFI-2-XS', *Journal of Research in Personality*, Vol. 68, pp.69 - 81
- Soto, C and John, O. (2017b) 'The next Big Five Inventory (BFI-2): Developing and assessing a hierarchical model with 15 facets to enhance bandwidth, fidelity, and predictive power', *Journal of Personality and Social Psychology*, Vol. 113, No. 1, pp.117 - 143
- Swab, R., Sherlock, C., Markin, E and Dibrell, C. (2020) "'SEW" What Do We Know and Where Do We Go? A Review of Socioemotional Wealth and a Way Forward', *Family Business Review*, Vol. 33, No. 4, pp.424 – 445
- Tabor, W., Chrisman, J., Madison, K and Vardaman, J. (2018) 'Nonfamily Members in Family Firms: A Review and Future Research Agenda', *Family Business Review*, Vol. 31, No. 1, pp.54 - 79
- Tetlock, P., Peterson, R and Berry, J. (1993) 'Flattering and unflattering personality portraits of integratively simple and complex managers', *Journal of Personality and Social Psychology*, Vol. 64, No. 3, pp.500 - 511
- Weimann, V., Gerken, M and Hülsbeck, M. (2020) 'Business model innovation in family firms: dynamic capabilities and the moderating role of socioemotional wealth' *Journal of Business Economic*, Vol. 90, pp.369 - 399
- Wiklund, J and Shepherd, D. (2003) 'Knowledge-based resources, entrepreneurial orientation, and the performance of small and medium-sized businesses', *Strategic Management Journal*, Vol. 24, No 13, pp. 1307 - 1314.
- Wiseman, R and Gomez-Mejia, L. (1998) 'A Behavioral Agency Model of Managerial Risk Taking', *Academy of Management Review*, Vol. 23, No. 1, pp.128 - 133
- You, Y., Srinivasan, S., Pauwels, K and Joshi, A. (2020) 'How CEO/CMO characteristics affect innovation and stock returns: findings and future directions', *Journal of the Academy of Marketing Science*, Vol. 48, No. 6, pp.1229 - 1253
- Zahra, S. (2018) 'Entrepreneurial Risk Taking in Family Firms: The Wellspring of the Regenerative Capability', *Family Business Review*, Vol. 31, No. 2, pp.216 - 226
- Zhang, S.X. and Jahanshahi, A.A. (2016) 'How CEOs' Personality Shape Their Interpretation - A Study of CEOs in Iran Facing UN-Led Sanction', *Academy of Management Proceedings*, Academy of Management, Vol. 2016 No. 1, p. 12632.

Chapter II. Conclusions and Recommendations

Conclusions

The present study contributes with empirical evidence to Hambrick and Mason's (1984) upper echelon theory, widely used in recent studies (Neely et al., 2020; Chen et al., 2019; Whitler et al., 2020; Carr et al., 2020) and it is concluded that CEO personality, according to Hambrick (2007), is one of the main indicators to try to predict their future behaviour, and could explain the differences between CEOs in the efficiency of strategy design and implementation, decision-making methods and performance of companies being family firms the research object of the present study (Schepers et al., 2013).

Family firms "by their structure" represent more complex relationships, as their interest is not only focused on achieving financial goals, but there is also the concern of the owners in achieving non-financial goals which Gómez-Mejía et al. (2007) called socioemotional wealth (SEW), the present study contributed in this branch of knowledge by identifying which CEO personality traits can, on the one hand, preserve socioemotional wealth in family firms, and, on the other hand, achieve competitive improvement, since these objectives seem to be opposed within family firms, hence CEO personality could explain how to maintain a balance (Kelleci et al., 2019).

Considering the above, the present study responds to the suggestions for future research raised by Kelleci et al. (2019) and Prasad and Junni (2017), and concludes that the combination of two important objectives for family SMEs - non-financial (SEW) and financial (improving competitiveness) objectives - can be balanced by a CEO with a pleasant, outgoing and open to experience personality the results are consistent with other studies conducted (Costa & McCrae, 1992; Farhikhteh et al., 2020; Hrazdil et al., 2019; Lin & Rababah, 2014; Weimann et al., 2020; Kelleci et al., 2019). The present study contributes with empirical evidence to Hambrick and Mason's (1984) upper echelon theory, widely used

in recent studies (Neely et al., 2020; Chen et al., 2019; Whitley et al., 2020; Carr et al., 2020) and it is concluded that CEO personality, according to Hambrick (2007), is one of the main indicators to try to predict their future behaviour, and could explain the differences between CEOs in the efficiency of strategy design and implementation, decision-making methods and performance of companies being family firms the research object of the present study (Schepers et al., 2013).

Family firms "by their structure" represent more complex relationships, as their interest is not only focused on achieving financial goals, but there is also the concern of the owners in achieving non-financial goals which Gómez-Mejía et al. (2007) called socioemotional wealth (SEW), the present study contributed in this branch of knowledge by identifying which CEO personality traits can, on the one hand, preserve socioemotional wealth in family firms, and, on the other hand, achieve competitive improvement, since these objectives seem to be opposed within family firms, hence CEO personality could explain how to maintain a balance (Kelleci et al., 2019).

Considering the above, the present study responds to the suggestions for future research raised by Kelleci et al. (2019) and Prasad and Junni (2017), and concludes that the combination of two important objectives for family SMEs - non-financial (SEW) and financial (improving competitiveness) objectives - can be balanced by a CEO with a pleasant, outgoing and open to experience personality the results are consistent with other studies conducted (Costa & McCrae, 1992; Farhikhteh et al., 2020; Hrazdil et al., 2019; Lin & Rababah, 2014; Weimann et al., 2020; Kelleci et al., 2019).

Implications

This is the first research that addresses the impact of CEO personality on socioemotional wealth and competitiveness improvement in family SMEs in developing countries in South America (Ecuador), revealing that the combination of two important

objectives for family SMEs - non-financial (SEW) and financial (competitiveness improvement) objectives - can be balanced by a CEO with a pleasant, extroverted and outgoing personality open to experience.

This study supports the use of the widely used Upper Rungs Theory in research which states that organisational outcomes (strategic choices and performance levels) are partially predicted by managerial background characteristics. However, the results of research in this field are heterogeneous considering the individual characteristics of each human being and the context in which he/she develops. Therefore, the present study reveals the possible personality traits that could positively influence the preservation of socioemotional wealth and the improvement of competitiveness in the field of family SMEs in developing countries, being that in small and medium-sized family businesses, the CEO's personality exerts a greater impact as a consequence of his/her power over employees, ownership and objectives, which are expressed in terms of his/her perceptions and preferences; In contrast, in larger firms, the personality effects of top executives can be mitigated by their interaction (Jahanshahi et al., 2017).

On a practical level, the research result will enable owners and/or shareholders of family firms concerned with preserving socioemotional wealth to have personality-based CEO selection guidelines that facilitate contributing to non-economic goals (Berrone et al., 2010), and the competitive improvement of the family firm. Also, in the family CEO succession process it may be useful for the predecessor to identify personality traits of the successor that align with the interests of achieving his or her socioemotional and competitive improvement goals. For this reason CEO personality may be another relevant criterion for recruitment, and in the succession process in family firms that seek to be competitive, but at the same time preserve socioemotional wealth (Kelleci et al., 2019).

Recommendations

The present research is not without limitations that future research should consider overcoming in order to obtain better results. Firstly, the collection process was carried out during a period when mobility restriction measures were in place due to the Covid-19 pandemic. Therefore, the information presented throughout this paper corresponds to a self-reported process, whereas some studies related to CEO personality have been conducted on a personal basis (Kelleci et al., 2019).

Another limitation that necessarily suggests caution in generalising the findings is the type of organisation. In this research, Ecuadorian family SMEs belonging to the commerce sector were considered. Therefore, the results cannot be generalised to large companies, nor to other SMEs engaged in other economic activities, especially those related to technology, which face other types of dynamics (Nadkarni & Herrmann, 2010). Finally, one of the limitations of this study is that the data were collected in only one phase, while research practice indicates that two phases are needed to capture a more relevant effect of personality on financial performance (Carr et al., 2021; Herrmann & Nadkarni, 2014; Nadkarni & Herrmann, 2010).

Considering the limitations, there is much scope for further fruitful research. For example, it is recommended to delineate the levels at which CEO personality traits are considered weak, moderate and strong in order to develop criteria with better explanations for the performance of family SMEs, taking into account the mediating effect of SEW on financial performance, and involving SMEs from various economic sectors.

Another line of future research would be to include a moderating variable such as job satisfaction within the theoretical model presented in this study. This recommendation is justified because another resource that is considered important for building competitive advantage is human talent (Barney, 1991). Consequently, job satisfaction would reflect which

personality traits allow to maintain a motivated staff to meet the non-economic and economic expectations of family SMEs.

Finally, based on the literature review conducted by Jiang et al. (2018) in relation to the psychological dimension including SEW, it is recommended to conduct a research comparing the personality traits of the family business owner and the CEO, thus providing a number of commonalities that would allow the dominant family coalition to share a risk-taking view with the CEO.



References

- Barney, J. (1991). Firm Resources and Sustained Competitive Advantage. *Journal of Management*, 17(1), 99-120. <https://doi.org/10.1177/014920639101700108>
- Basco, R. (2014). Exploring the influence of the family upon firm performance: Does strategic behaviour matter?. *International Small Business Journal*, 32(8), 967-995. <https://doi.org/10.1177/0266242613484946>
- Benischke, M., Martin, G., & Glaser, L. (2018). CEO equity risk bearing and strategic risk taking: The moderating effect of CEO personality. *Strategic Management Journal*, 40(1), 153-177. <https://doi:10.1002/smj.2974>
- Berrone, P., Cruz, C., Gomez-Mejia, L., & Larraza-Kintana, M. (2012). Socioemotional Wealth and Corporate Responses to Institutional Pressures: Do Family-Controlled Firms Pollute Less?. *Administrative Science Quarterly*, 55(1), 82-113. <https://doi.org/10.2189/asqu.2010.55.1.82>
- Blumentritt, T., Keyt, A., & Astrachan, J. (2007). Creating an Environment for Successful Nonfamily CEOs: An Exploratory Study of Good Principals. *Family Business Review*, 20(4), 321-335. <https://doi:10.1111/j.1741-6248.2007.00102.x>
- Campoverde, R. (2018). Orientación Emprendedora y Capacidad de Absorción como Determinantes del Desempeño Exportador de Pymes: Caso Ecuador. [Tesis doctoral, CENTRUM Pontificia Universidad Católica Lima, Perú]. <http://hdl.handle.net/20.500.12404/12574>
- Carr, J., Vardaman, J., Marler, L., McLarty, B., & Blettner, D. (2020). Psychological Antecedents of Decision Comprehensiveness and Their Relationship to Decision Quality and Performance in Family Firms: An Upper Echelons Perspective, 0894486520917774. *Family Business Review*. <https://doi.org/10.1177/0894486520917774>

- Chen, J., Zhang, Z., & Jia, M. (2019). How CEO narcissism affects corporate social responsibility choice?. *Asia Pacific Journal of Management*.
<https://doi.org/10.1007/s10490-019-09698-6>
- Farhikhteh, S., Kazemi, A., Shahin, A. & Mohammad, M. (2020). How competitiveness factors propel SMEs to achieve competitive advantage?. *Competitiveness Review*, 30(3), 315-338. <https://doi.org/10.1108/CR-12-2018-0090>
- Gómez-Mejía, L., Haynes, K., Núñez-Nickel, M., Jacobson, K., & Moyano, J. (2007). Socioemotional Wealth and Business Risks in Family-controlled Firms: Evidence from Spanish Olive Oil Mills. *Administrative Science Quarterly*, 52(1), 106-137.
<https://doi.org/10.2189/asqu.52.1.106>
- Gomez-Mejia, L., Hoskisson, R., Makri, M., Sirmon, D., & Campbell, J. (2011). *Innovation and the preservation of socioemotional wealth in family controlled high technology firms. Unpublished manuscript*. College Station.
- Goto, T. (2014). Family business and its longevity. *Kundai Review*, 2(3), 78-96.
<https://doi.org/10.15240/tul/001/2018-4-011>
- Gupta, A., Nadkarni, S., & Mariam, M. (2018). Dispositional Sources of Managerial Discretion: CEO Ideology, CEO Personality, and Firm Strategies. *Journal of Administrative Science Quarterly*, 64(4), 855-893. [https://doi: 10.1177/0001839218793128](https://doi.org/10.1177/0001839218793128)
- Hambrick, D. (2007). Upper echelons theory: An update. *Academy of Management Review*, 32(2), 334-343. <https://doi.org/10.5465/amr.2007.24345254>
- Hambrick, D., & Mason, P. (1984). Upper echelons: The organization as a reflection of its top managers. *Academy of Management Review*, 9(2), 193-206.
<https://doi.org/10.5465/AMR.1984.4277628>

- Harrison, J., Thurgood, G., Boivie, S., Pfarrer, M. (2019). Measuring CEO personality: Developing, validating, and testing a linguistic tool. *Strategic Management Journal*, 40(8), 1-15. <https://doi:10.1002/smj.3023>
- Hauswald, H., & Hack, A, (2013). Impact of Family Control/Influence on Stakeholders' Perceptions of Benevolence. *Family Business Review*, 26(4), 356-373. <https://doi.org/10.1177/0894486513477453>
- Herrmann, P., & Nadkarni, S. (2014). Managing Strategic Change: The Duality of CEO Personality. *Strategic Management Journal*, 35(9), 1318-1342. <https://doi:10.1002/smj.2156>
- Hrazdil, K., Novak, J., Rogo, R., Wiedman, C., & Zhang, R. (2019). Measuring executive personality using machine-learning algorithms: A new approach and audit fee-based validation tests. *Journal of Business Finance & Accounting*, 47(3), 519-544. <https://doi.org/10.1111/jbfa.12406>
- Jahanshahi, A & Bhattacharjee, A. (2019). Competitiveness improvement in public sector organizations: What they need?. *Journal of Public Affairs and international journal*. <https://doi.org/10.1002/pa.2011>
- Jahanshahi, A., & Gomulya, D. (2017). CEOs' Personality and Interpretation Process. *Academy of Management Proceedings*. <https://doi.org/10.5465/AMBPP.2017.10989abstract>
- Jiang, D., Kellermanns, F., Munyon, T., & Morris, M. (2018). More Than Meets the Eye: A Review and Future Directions for the Social Psychology of Socioemotional Wealth. *Family Business Review*, 31(1), 125-157. <https://doi.org/10.1177/0894486517736959>
- Kelleci, R., Lambrechts, F., Voordeckers, W., & Huybrechts, J. (2019). CEO Personality: A Different Perspective on the Nonfamily Versus Family CEO Debate. *Family Business Review*, 32(1), 31-57. <https://doi:10.1177/0894486518811222>

- Kline, R. (2011). *Principles and practice of structural equation modeling* (3rd ed.). The Guilford Press.
- Krejcie, R. & Morgan, D., (1970). Determinando el tamaño de la muestra para actividades de investigación. *SAGE Journals*, 30(3), 607-610.
<https://doi.org/10.1177/001316447003000308>
- Ligon, G., Harris, D., & Hunter, S. (2012). Quantifying leader lives: What historiometric approaches can tell us. *The Leadership Quarterly*, 23(6), 1104-1133.
<https://doi.org/10.1016/j.leaqua.2012.10.004>
- Lin, H., & Rababah, N. (2014). CEO–TMT exchange, TMT personality composition, and decision quality: The mediating role of TMT psychological empowerment. *The Leadership Quarterly*, 25(5), 943-957. [https://doi: 10.1016/j.leaqua.2014.06.005](https://doi.org/10.1016/j.leaqua.2014.06.005).
- Makó, C., Csizmadia, P., & Heidrich, B. (2018). Heart and Soul: Transferring ‘Socio-emotional Wealth’ (SEW) in Family Business Succession. *Journal of Entrepreneurship and Innovation in Emerging Economies*, 4(1), 53–67. [https://doi: 10.1177/2393957517749708](https://doi.org/10.1177/2393957517749708)
- Mehdizadeh, H., Gholami, H., Shiri, N., Khoshmaram, M. (2020). Predicting entrepreneurial opportunity recognition in higher education: a case from Iran. *Journal Of Applied Research In Higher Education*. <https://doi.org/10.1108/JARHE-04-2020-0109>
- Mogro, S., & Bermúdez, N. (2018, 22 de junio). Las Empresas Familiares en el Ecuador: Definición y aplicación metodológica. *X-Pedientes Económicos*, 2(3), 46-72.
- Nadkarni, S., & Herrmann, P. (2010). CEO Personality, Strategic Flexibility, and Firm Performance: The Case of the Indian Business Process Outsourcing Industry. *Academy of Management Journal*, 53(5), 1050-1073.
<https://doi.org/10.5465/amj.2010.54533196>

- Neely, B., Lovelace, J., Cowen, A., & Hiller, N. (2020). Metacritiques of Upper Echelons Theory: Verdicts and Recommendations for Future Research. *Journal of Management*, 46(6), 1029-1062. <https://doi.org/10.1177/0149206320908640>
- Noroozi, L., Gandomfeshan, D. (2020). An Investigation on The Relationship Between Morning And Evening Personalities And The Rate Of Job Burnout In Nurses Using Maslash Model (Case Study). *International Transaction Journal of Engineering Management & Applied Sciences & Technologies*, 10(4), 579-585. <https://doi.org/10.14456/ITJEMAST.2019.54>
- Prasad, B., & Junni, P. (2017). A contingency model of CEO characteristics and firm innovativeness: The moderating role of organizational size. *Journal of Management Decision*, 55(1), 156-177. <https://doi.org/10.1108/MD-02-2016-0071>
- Schepers, J., Voordeckers, W., Steijvers, T., Laveren, E. (2013). The entrepreneurial orientation–performance relationship in private family firms: the moderating role of socioemotional wealth. *Journal of Small Business Economics*, 43, 39-55, [https://doi: 10.1007/s11187-013-9533-5](https://doi.org/10.1007/s11187-013-9533-5) (2)
- Slevin, D. P., & Covin, J. G. (1995). New ventures and total competitiveness: A conceptual model, empirical results, and case study examples. *Journal of Frontiers of Entrepreneurship Research*, 5(2), 574-588. <https://doi.org/10.3917/mana.052.0127>
- Superintendencia de Compañías Valores y Seguros – SUPERCIA(2020), Balance y directorio de empresas del Ecuador. Recuperado de <https://www.supercias.gob.ec/portalscv/s/>
- Vandekerckhof, P., Steijvers, T., Hendriks, W., & Voordeckers, W. (2015). The Effect of Organizational Characteristics on the Appointment of Nonfamily Managers in Private Family Firms: The Moderating Role of Socioemotional Wealth. *Family Business Review*, 28(2), 104-122. [https://doi.org:10.1177/0894486513514274](https://doi.org/10.1177/0894486513514274)

Weimann, V., Gerken, M., & Hülsbeck, M. (2020). Business model innovation in family firms: dynamic capabilities and the moderating role of socioemotional wealth.

Journal of Business Economic, 90, 369-399. <https://doi.org/10.1007/s11573-019-00958-x>

Whitler, K., Lee, B., Krause, R., & Morgan, N. (2020). Upper echelons research in marketing.

Journal of the Academy of Marketing Science, 49(1), 198-219.

<https://doi.org/10.1007/s11747-020-00724-4>



Appendices

Appendix A

Acceptance letter of the research article.

Inderscience Publishers: Article accepted for publication - IJPQM-97449



Dear Associate Prof. Dr. ASGHAR AFSHAR JAHANSHAH, I,

(Co-authors are copied into this email for information purposes.)

Ref: Article title: "The relationship between CEOs' personality, socioemotional wealth, and competitiveness improvement in family-owned SMEs"
Submission code: IJPQM-97449

I am pleased to inform you that your article has been accepted for publication in Int. J. of Productivity and Quality Management.

You now need to upload the final revised version for this article and your author copyright agreement form(s) or your Open Access order form.

The reviewers' comments are added to the end of this email for your information. There may be some useful suggestions for improving your final version.

* INSTRUCTIONS *

Log in to the Inderscience Submissions system. There is a reminder facility there if you have forgotten your username or password.

Then use the following link, and you will be taken to the correct section for uploading:
<https://www.indersciencesubmissions.com/track/index.php?action=submissiondetails&intSubmissionId=97449>

1. Scroll down the page to the section called "Peer Review Progress".

Use "Edit metadata" link to make any required corrections to the title, abstract or keywords. Please also review carefully for any spelling or grammatical errors.

Remember to use the "Save" button to save your changes.

It is not possible for you to make changes to author information yourself. If changes are essential, then you will need to get approval by contacting the journal's Editor in Chief with your change request and a clear reason for the change.

This request must come from all the authors, including the person you are adding or removing and they must be copied into the email you send.

Activar Windows