FORCING A SQUARE PEG IN A ROUND HOLE: AN EVALUATION OF HOW CEO’S WITH DIFFERENT PERSONALITY SETS FIT INTO DIFFERENT STAGES OF A FIRM’S GROWTH (INTERACTIVE PAPER)

Rodney R. D’Souza  
University of Louisville, USA, rodney.dsouza@louisville.edu

Rebecca J. White  
Northern Kentucky University, USA

Recommended Citation

This Interactive Paper is brought to you for free and open access by the Entrepreneurship at Babson at Digital Knowledge at Babson. It has been accepted for inclusion in Frontiers of Entrepreneurship Research by an authorized administrator of Digital Knowledge at Babson. For more information, please contact digitalknowledge@babson.edu.
INTERACTIVE PAPER

FORCING A SQUARE PEG IN A ROUND HOLE: AN EVALUATION OF HOW CEO’S WITH DIFFERENT PERSONALITY SETS FIT INTO DIFFERENT STAGES OF A FIRM’S GROWTH

Rodney R. D’Souza, University of Louisville, USA
Rebecca J. White, Northern Kentucky University, USA

Principal Topic

The Chief Executive Officer (CEO) in a venture backed company is responsible for setting strategic direction in an ever-changing environment (Bruton, Fried & Hisrich, 2000). Because of their critical role in firm performance, the CEO’s leadership experience is one of the most important criteria in the venture capitalist’s (VC’s) investment decision process (Muzyka, Birley & Leleux, 1996). Research has also shown that VCs frequently replace CEOs when they are dissatisfied with firm performance (White, D’Souza & McIlwraith, 2007). Agency theory is the most widely used perspective in explaining why VCs replace CEOs, however other researchers suggest that the principal agent problem is related to opportunism since CEOs have a high ownership stake in the ventures they manage (Bruton et al., 2000). White, et al. (2007) suggest that venture backed companies move through predictable stages as they develop, and that each of these stages requires a distinct leadership focus from the top management. In this study, we build upon this previous research and pose the following question. Will CEOs with different personality sets perform better at different stages of a venture growth in venture backed firms?

We rely on the personality literature (Judge, Higgins, Thoresen, Barrick & 1999; Mount & Barrick, 1998; Hogan, 1991) as well entrepreneurship literature and propose that CEOs with specific personality factors will be better suited to different stages of growth and development in venture backed companies (Penrose, 1959).

Results and Implications

Following congruence theory, we suggest that distinct CEO profiles are preferred at different stages of a firm’s growth in venture backed companies. While most agree that VCs invest in leadership, there is limited insight into why one CEO can take a company from the initial round of financing all the way to exit and another CEO is removed during the process. This study could provide a model for CEO choice and changes.

CONTACT: Rodney R. D’Souza; rodney.dsouza@louisville.edu; (T): 502-239-5014; University of Louisville, Louisville, KY 02457.