CHAPTER 28

Beyond Traits: How Personality Shapes Managerial Decision-Making

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ABSTRACT

One of the most critical and significant managerial activities in modern organisations is managerial decision making. Managers make decisions that affect strategic direction, efficiency of operation, employee motivation, ethics and long-term sustainability. Previous research on decision making has focused on its objective and systematic nature, characterized by using logic and quantitative analysis, but organisational scholars are increasingly aware that psychological, emotional and behavioral influences play a role in shaping managerial decisions. Managers are not completely objective analysts, but rather they make decisions based on their perceptions, attitudes, feelings and dispositions, and they are influenced by their perceptions, attitudes, feelings and dispositions as they develop, consider and execute decisions. One of the most important of these is personality. A manager's personality affects both what decisions are made and how they are made, how quickly a manager responds to a decision, and how well he communicates and implements the decision to stakeholders. This article examines the deeper psychological dimensions of managerial decision making — emotional intelligence, locus of control, cognitive style and risk orientation — and explores the impact of personality on managerial decision making beyond just describing managerial traits at the surface level. It also examines the implications for crisis management leadership, talent management, ethical governance, organisational culture and leadership effectiveness; it is concluded that a personality-aware management enhances the quality of decision-making processes, adaptability, ethical consistency and organisational resilience.

Keywords: Personality traits; Managerial decision-making; Big Five; Organisational culture; Talent management.

1.0 Introduction

Decision making is at the core of any managerial activity, and is one of the main aspects of good management.

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The strategy, allocation of assets, employee behaviour, stakeholder relationships and ability of an organisation to survive is decided by managers at every level in an organisation. Whether it is about access to a new market, the focus on investment, restructuring, evaluating employees or settling internal conflicts, such decisions have immediate and long-term repercussions. Traditional management literature, especially that of Fayol, Taylor and Weber, viewed decision-making as a sequential and rational process that is based on efficiency, formal control and objective evaluation. These accounts assume that managers work in stable environments with problems that are clearly defined and information that is easily accessible and that optimal solutions can be found by analysing the problem.

In this perspective, the process of deciding is a technical one. These assumptions are called into question by the realities of the contemporary organisational life. Managers work amid uncertainty, complexity, time constraints, political influence, emotional strain and competing stakeholder expectations. Information is frequently incomplete, ambiguous or rapidly changing, and decisions must nonetheless be taken despite serious risk. Purely rational decision-making is neither practicable nor adequate in such conditions. The concept of bounded rationality and the subsequent development of behavioural decision theory establish that managers face cognitive constraints limiting their capacity to analyse information exhaustively (Simon, 1997). They rely accordingly on judgement, experience, intuition and heuristics, and although these shortcuts are indispensable, they introduce bias and variability (Kahneman, 2011).

Personality is among the principal sources of that variability. Managers differ in how they perceive uncertainty, tolerate ambiguity, regulate emotion, respond to pressure and engage with others, and these differences explain why comparable organisational circumstances frequently produce substantially different choices and outcomes. Contemporary organisations require managers capable of applying ethical, flexible and comprehensive approaches to decision-making if they are to adapt and succeed amid turbulent and uncertain conditions. A manager's personality therefore bears significantly on their own effectiveness, on their influence over organisational performance and on their sustained success.

2.0 Conceptual Foundations: Personality and Decision-Making

2.1 Understanding personality

Personality refers to the enduring patterns of thought, feeling, motivation, attitude and behaviour that characterise an individual and distinguish them from others. These patterns display a degree of stability over time, lending consistency to how a person responds to circumstances, while remaining susceptible to gradual change through experience, learning and reflection. Genetic predisposition, early experience, cultural and social convention, education and significant life events all interact in shaping them (McCrae & Costa, 1997).

Within organisations, personality affects how individuals perceive their surroundings, interpret information, manage stress and communicate with colleagues. It is especially consequential for managers, whose work involves ambiguity, sustained interpersonal contact, emotional demands and accountability for the performance of others. Leadership style, communication preferences, approaches to conflict, tolerance of uncertainty and preferred methods of decision-making are all shaped by it.

For a manager, emotional stability means being able to handle stress, and this is better if the person has the strong leadership to do so. Neuroticism may cause anxiety and emotional instability or self-doubt in those who are highly neurotic, leading to diminished self-confidence in subordinates and a decline in decision quality (Judge et al., 2002). Indeed, personality sets the scene for predispositions that influence habitual responses, not manager behaviour as such. Effective managers develop the self-awareness that allows them to regulate these inclinations and align their conduct with organisational objectives and ethical principles.

2.2 The nature of managerial decisions

Managerial decisions involve a complex process comprising cognitive, emotional and behavioural elements. Deciding entails specifying a problem or opportunity, developing alternatives, assessing the likely outcome of each, selecting among them and implementing the option chosen. Decision-making is a continuous feature of managerial work rather than an occasional event, and responsibility for it is integral to the role.

The scope, complexity and consequence of managerial decisions vary considerably:

- **Strategic decisions.** These determine long-term orientation, competitive position and major commitments of resource.
- **Tactical decisions.** These translate strategic objectives into policies and programmes of action.
- **Operational decisions.** These concern the routine matters necessary to sustain day-to-day activity.

Research indicates that managers draw on intuition, accumulated experience and formal reasoning together when deciding (Mintzberg, 1973). This contrasts with traditional models of rationality, which assume that data are gathered and analysed before any decision is reached. Logic, emotion, ethical judgement and behaviour interact continuously throughout the process, and how they interact is substantially shaped by the individual personality of the person deciding.

3.0 Personality Traits and Decision-Making

The five-factor model provides the most widely validated framework for examining how dispositional differences bear on managerial conduct (Barrick & Mount, 1991). Each of its dimensions carries characteristic strengths and characteristic risks.

3.1 Openness to experience

Managers high in openness are willing to question established practice, to seek alternatives and to admit creativity into their decisions. Such managers are well suited to industries reshaped by globalisation, competitive disruption and rapid technological advance, and they tend to build organisations that are flexible and oriented towards the future, capable of pursuing new opportunities before circumstances compel it.

Excessive openness, however, may generate too frequent changes of direction and a disproportionate investment of attention in innovation relative to the assessment of operational feasibility. Decision-making may become inconsistent and poorly matched to organisational capability, which is why a clearly defined framework is required to hold creativity, discipline and strategic consistency in balance.

3.2 Conscientiousness

Conscientious managers are characterised by discipline, organisation, reliability and orientation towards goals. Their decision-making proceeds methodically: careful planning, systematic evaluation and thorough review of the available options before a choice is made. Their decisions tend to be consistent with established precedent and with declared organisational policy, and organisations benefit from correspondingly greater reliability, efficiency and accountability.

The associated risk is excessive caution, inflexibility or perfectionism. Managers very high in conscientiousness may be unable to decide quickly enough or to adapt to rapid change in their operating environment. Effectiveness therefore requires balancing structure against the flexibility that changing conditions demand.

3.3 Extraversion

Extraverted managers are confident, outgoing and energetic in social settings. They decide readily, influence others and express their views with ease, and they characteristically employ consultation, discussion and persuasion, which improves the engagement of employees in their work. Pronounced extraversion may nonetheless lead a manager to dominate discussion and to reflect insufficiently on their own conduct, and such managers may favour verbal exchange over evidence-based analysis. Successful extraverted managers work deliberately at developing their analytical and listening capabilities.

3.4 Agreeableness

Agreeable managers attach considerable value to cohesion within their teams and to collaboration, emotional support and the building of trust. They weigh fairness and ethical conduct in reaching decisions and consider carefully how those decisions will affect employees. The corresponding difficulty concerns discipline: such managers may struggle to address poor performance or to take unpopular decisions. Effectiveness requires holding firmness and compassion together rather than sacrificing either.

3.5 Emotional stability

A manager's capacity to remain composed under intense pressure substantially determines how they handle stressful circumstances and the quality of the choices they make. Emotionally stable managers retain greater access to the cognitive resources that sound reasoning requires than those who do not.

4.0 Beyond Traits: Deeper Psychological Dimensions

4.1 Locus of control

Managers with an internal locus of control believe that their own actions and decisions determine the outcomes they observe. They tend accordingly to be proactive, to assume personal responsibility and to accept ownership of successes and failures alike. Those with an external locus of control attribute events to circumstances beyond their influence, which may diminish both initiative and accountability. Managers with an internal orientation consistently demonstrate stronger decision-making, performance and leadership (Rotter, 1966).

4.2 Emotional intelligence

Emotional intelligence has acquired increasing importance as a determinant of decision quality. It comprises five elements: self-awareness, self-regulation, motivation, empathy and social skill (Goleman, 1998). Managers who possess it in high degree are able to regulate impulse and to understand their own reactions through awareness of their emotional responses, while also recognising how their decisions affect the feelings of others. This ability is especially important in areas of conflict, negotiations, challenging ethical decisions and transformational change. Managers who are emotionally intelligent are able to think and make decisions analytically, considering all the involved parties while taking into account emotions.

4.3 Risk orientation

Perceptions of risk are influenced by personality, and a manager's actions in making strategic decisions are influenced by his perceptions of risk. Risk-tolerant managers see uncertainty as a time for creativity, learning, and growth, to gain competitive advantages, and are more likely to consider strategic change and entrepreneurship as options. In a risk averse manager, control, stability and predictability are given more value. The latter strategy minimises risk of loss, but it can restrict the competitiveness and innovation in long-term operations. Knowledge of personal risk preferences and willingness to alter them as needed is essential to good judgment in management.

4.4 Cognitive style

Two broad cognitive styles — intuitive and analytical — shape how information is processed. Intuitive managers draw on accumulated experience, judgements about people and the recognition of patterns; analytical managers apply objective criteria, formal reasoning and detailed procedure. Intuitive decision-making permits speed and adaptation to change, while analytical decision-making improves accuracy and consistency.

The most effective managers employ both, relying on intuition where a decision must be taken quickly and on systematic reasoning where time permits deliberation. Leadership is strengthened where a manager understands the strengths and limitations arising from their own disposition and adjusts their conduct accordingly, which is why leadership development programmes increasingly incorporate personality assessment and training in emotional intelligence.

5.0 Organisational Implications

5.1 Organisational culture

Organisational culture is shaped by managerial choices. Authoritarian approaches tend to generate apprehension and hostility, whereas open and participative decision-making fosters trust and engagement.

5.2 Ethical decision-making

Integrity, empathy and conscientiousness are each strongly associated with ethical decision-making. Managers alert to the dispositional influences on their own judgement weigh long-term ethical consequences and social effects rather than pursuing immediate personal advantage.

5.3 Talent management

Personality assessment supports succession planning, training and managerial selection, helping to ensure that capable leaders are identified and developed.

5.4 Crisis management

Emotionally stable managers with an internal locus of control are better able to reach composed, prompt and effective judgements during a crisis, which sustains stakeholder confidence and organisational resilience.

6.0 Conclusion

Managerial decision-making involves considerably more than technical knowledge and analytical capability. Perception, emotional regulation, the assessment of risk and engagement with stakeholders are each substantially influenced by a manager's personality. By examining deeper psychological dimensions — emotional intelligence, locus of control, cognitive style and risk orientation — this article has argued that personality plays a decisive part in decision quality and leadership effectiveness. As business environments grow more complex, organisations must develop management practices that take dispositional differences seriously. The application is in the development of self-aware leadership, which is the balance of analytical thinking and emotional intelligence that leads to long-term organizational success, a positive corporate culture and good ethical governance.

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