



The power of caring and generativity in building strategic adaptability

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In this study, we integrate relational theory and the upper echelon perspective to explore how and why caring and generative relationships in top management teams (TMTs) can be a source for building strategic adaptability. We argue that when TMT members care for each other's inner needs, a generative psychological space (which allows members to experience positivity and produce enduring transformative outcomes) is nurtured. This generative psychological space, in turn, helps to build a capacity to respond proactively to the external environment and adapt well to environmental jolts. The results lend support to our hypothesized model in which caring among TMT members nurtures generativity, which in turn enhances strategic adaptability. In so doing, we aim to further cultivate discussion on the micro-foundations of strategic management in general and increase interest in the micro-relational foundations of strategic capabilities in particular.

Practitioner points

- Strategic adaptability is crucial for a firm's viability, but top management teams (TMTs) struggle to navigate and adapt successfully in ever-changing environments.
- Caring defines those relationships in which TMT members show genuine interest in and concern for each other's needs, and can be a conducive force for building strategic capabilities, such as the capacity to adapt to environmental jolts.
- Work relationships among members are powerful; thus, organizations should devote efforts to finding ways to go beyond instrumental-driven connections to cultivate more humanistic-driven connections where the inner needs of each member are considered, and to shaping a generative psychological space that helps to enhance adaptability and nurture growth.
- A focus on micro-relational mechanisms in a TMT is important for organizations, because the TMT plays a fundamental role in building strategic capabilities and helping organizations to thrive in the marketplace.

All organizations face the challenge of adapting to their environment, whether it provides contexts for growth or for decline (Aldrich, 1979). Firms seek to develop a fit with the environment, which often requires a change in their organizational system and practices (Carmeli, Gelbard, & Gefen, 2010; Siggelkow, 2001; Zajac, Kraatz, & Bresser, 2000). The ability to adapt – learn and change – to turmoil and jolts in the external environment

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