

**Top management team heterogeneity, strategic decision making and the moderating
role of TMT behaviour**

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Abstract

Since the 1980's upper echelons theory postulated that managerial background characteristics partially predict organisational outcomes, TMT heterogeneity has been a subject of much interest. However, studies which examined the effects of TMT heterogeneity have produced inconsistent results due to a context-agnostic approach adopted in those studies, and a lack of appreciation of interaction effects among multiple diversity dimensions. This study accounts for these shortcomings and adopts a phenomenological research approach to explore how TMT heterogeneity affects strategic decision – a proximal outcome construct – in a context where there is a co-occurrence of multiple diversity dimensions. The study further recognises that the operating environment for organisations is typified by a trend of volatility, uncertainty, complexity and ambiguity which complicates decision making, and explores the effects of TMT heterogeneity in this context. The study finds that heterogeneous TMTs draw on their diverse and broad knowledge base to generate ideas and cross-pollinate in ways that improve the quality of strategic decisions. In instances where heterogeneity caused affective conflict which detracts from the efficacy of decisions, this study finds that the interaction of multiple diversity dimensions can neutralise the harmful effects of conflict, resulting in positive outcomes.

Keywords: Top management team (TMT) heterogeneity; strategic decision making; VUCA elements; social categorisation; groupthink

Declaration

I declare that this research project is my own work. It is submitted in partial fulfilment of the requirements for the degree of Master of Philosophy in Corporate Strategy at the Gordon Institute of Business Science, University of Pretoria. It has not been submitted before for any degree or examination in any other University. I further declare that I have obtained the necessary authorisation and consent to carry out this research.

Name & Surname

Signature

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Abbreviations

TMT	Top Management Team
VUCA	Volatility, Uncertainty, Complexity and Ambiguity

Chapter 1 – Background

1.1 Background to the research problem

The role of strategic leaders is commonly understood as being to translate an organisation's vision into reality. It is by far one of the most important roles in an organisation, which requires strategic leaders to work with other members of the organisation to initiate change, deliver firm performance, and create value for whose purpose the organisation exists (Hambrick, Humphrey & Gupta, 2015). It further entails performing specific strategic leadership functions, which result in achieving the said organisational outcomes (Samimi, Cortes, Anderson & Herrmann, 2020). Yet, honing leadership effectiveness by acquiring, developing and leveraging individual and group-level skills, competencies and capabilities to perform leadership functions is still considered a challenge for businesses (Centre for Creative Leadership, 2017).

Honing leadership effectiveness to achieve organisational outcomes can be realised in various ways, including through leveraging competencies and capabilities of fellow strategic leaders. Potential benefits to organisations where leaders leverage one another's attributes to perform their strategic leadership functions appear to be significant, especially when there is structural interdependence among those leaders (Wei & Wu, 2013; Hambrick *et al.*, 2015). More generally, there is extensive non-academic, and to some degree academic, literature that points to the existence of positive externalities to organisational outcomes emanating from the reliance on other fellow team members' skills within diverse leadership teams. Non-academic research studies present evidence showing that companies in the top quartiles of diversity, i.e. those that have more diverse leadership teams, tend to outperform their peers in the lower quartiles (Hunt, Leyton & Prince, 2015; Momani & Stirk, 2017; Browne, 2018; Hunt, Prince, Dixon-Fyle & Yee, 2018; Deloitte, 2020).

Lorenzo, Voigt, Tsusaka, Krentz, and Abouzahr (2018) argue the business case for diversity in leadership teams and note that it leads to more innovation and improved performance. Similarly, Browne (2018) alludes to advantages of diversity such as improved financial performance, stronger governance and better problem-solving abilities as being strong enough for business to consider the case for diversifying their leadership teams. Broadly, the non-academic literature referred to above recognises diversity as a strategic enabler and a competitive differentiator, essentially reaffirming the relative importance of leadership team

diversity in innovation, decision making, and organisational success (Hunt *et al.*, 2015; Browne, 2018; Lorenzo *et al.*, 2018; Deloitte, 2020).

In recognition of these potential benefits, it is no surprise that there is growing articulation of the business case for businesses to diversify leadership teams in order to accrue the potential benefits of diversity. Given its importance, this study considers the topic of leadership diversity as a relevant topic for further research in the quest to shed more insights for organisations that are looking to diversify their teams and those that have not considered the case for diversity as yet. It is further true that the business environment has evolved over the years and has become more complex and uncertain (Snowden & Boone, 2007; Elkington, 2018). The external context is increasingly characteristic of an edge of chaos as contemplated in Osborn, Hunt and Jauch (2002), which is fraught with volatility, uncertainty, complexity and ambiguity – the so-called four VUCA elements (Bennett & Lemoine, 2014). Meeting the challenges of a chaotic business environment requires the pattern of decision making to adapt, thereby shifting away from a conditioned-type response to a more interactive response. This makes it compelling for businesses to adopt complexity-contingent leadership practices. Bennett and Lemoine (2014) follow a similar, but earlier line of argument as Snowden and Boone (2007) who contend that leadership should be tailored to fit the complexity of the circumstances that a business faces.

Having a diverse workforce may be advantageous in this instance as it can enable better decision making because diversity intuitively generates multiple and alternative perspectives that enrich decision making (Olson, Parayitam & Bao, 2007; Hunt *et al.*, 2015). A diverse strategic leadership team, who has access to a broader knowledge and functional/professional experience base, can use their diverse knowledge and experience to adapt the pattern and quality of its decision making (Gschmack, Reimer & Schaeffer, 2017). When balanced against the needs of the VUCA operating environment for business, the business case for diversity in leadership team becomes more compelling, not only because of the associated financial benefits, but also because of the innovation, stronger governance and better problem solving its boasts.

Benefits of diversity, purported and otherwise, apply to a wide range of organisations in various sectors of the economy, including official sector institutions such as policy making institutions (Hunt *et al.*, 2018). It is in this context and in recognition of the potential benefits of diversity that this study focuses on leadership diversity and the role it has on the execution of strategic leadership functions.

1.2 Research problem and research aims

1.2.1 Research problem

The relevance of this study from a theoretical perspective is also well articulated. While there appears to be convergence among non-academic researchers about the benefits of diversity, views among academic scholars are rather varied. Scholars who studied the role of top management team (TMT) heterogeneity on organisational outcomes found inconsistent results that provided no cumulative insights about the nature of this relationship (Nielsen, 2010; Hambrick *et al.*, 2015; Samimi *et al.*, 2020). Findings point to a mix of positive and negative relationships with organisational outcomes and, in some cases, non-linear outcomes (Li, Zhang & Zhang, 2015; Samimi *et al.*, 2020). Studies which found a positive relationship were based on the information-processing perspective, which argues that heterogeneous TMTs have access to a broader knowledge base and multiple perspectives that benefit the quality of strategic decisions (Wei & Wu 2013; Gschmack *et al.*, 2017; Samimi *et al.*, 2020). On the other hand, studies that found a negative relationship focused on the social-categorisation perspective, which emphasises interpersonal and affective conflict, group faultlines and negative stereotyping, all which are not beneficial to team cohesion and integration (Wei & Wu 2013; Samimi *et al.*, 2020).

A multitude of reasons are given for these inconsistent outcomes, ranging from differences in conceptualisation, variances in context, interdependencies among TMT members, and the various dimensions of diversity to issues of measurement or use of proxy variables (Carpenter, 2002; Harrison & Klein, 2007; Zhang, 2007; Nielsen, 2010; Hambrick *et al.*, 2015). Furthermore, most studies considered the various dimensions of diversity in isolation and rarely looked at the interaction effects of various diversity dimensions.

Instead of considering the information and social-categorisation perspectives in isolation, scholars advocate for a more nuanced approach to the study of TMT heterogeneity. This would require researchers to take the role of moderating variables into account, consider the role of interaction effects among TMT attributes, and ensure that their research approach is not context agnostic (Carpenter, 2002; Harrison & Klein, 2007; Nielsen, 2010; Wei & Wu, 2013; Samimi *et al.*, 2020). Adopting an approach that recognises dynamic processes could potentially assist in providing cumulative insights on the study of heterogeneity within the broader context of how upper echelons influence organisational outcomes (Samimi *et al.*, 2020). Herein lies the relevance of this research from a theoretical perspective.

This research answers the call to explore the effects of diversity on the execution of strategic leadership functions (Samimi *et al.*, 2020) and whose relevance to business as a strategic enabler is well articulated above (Hunt *et al.*, 2015; Browne, 2018; Lorenzo *et al.*, 2018; Deloitte, 2020). While this type of research has been done before, it has largely focused on either the information perspective or the social-categorisation perspective, but has rarely done this in concert. Contributions to dynamic process theories of TMT heterogeneity, such as the study by Hambrick *et al.* (2015) of the role of interdependence as a moderating variable, are scarce. This study consider the role of co-occurrence, which it captures through TMT member behaviours and studies its effects in moderating the known impact of TMT heterogeneity on organisational performance.

1.2.2 Research aim

The aim of this research is to explore how TMT heterogeneity affects strategic decision making in the context in which multiple diversity dimensions co-occur. The study further seeks to understand the impact of multiple and alternative perspectives generated by diverse TMTs on the decision-making process in a VUCA world.

Specifically, this research aims to answer the following questions:

1. In what ways does TMT heterogeneity affect the quality of strategic leadership decision making in official sector institutions?
2. How do TMTs leverage their diverse demographic and/or socio-psychological characteristics to develop high-quality strategic decisions?
3. How does the co-occurrence of multiple diversity dimensions moderate the relationship between TMT heterogeneity and strategic leadership decision making?
4. How do multiple and alternative perspectives generated by diverse TMTs affect the process of decision making in a fast-paced business environment?

While there is a tendency to think of diversity as a measure or indication of variety with respect to a specific attribute within a unit, this study recognises that diversity exists in a myriad of ways. The study therefore adopts a more encompassing definition of diversity to include other dimensions. The interaction between these diversity dimensions has been identified as a gap in studies of TMT heterogeneity (Nielsen, 2010; Hambrick *et al.*, 2015).

1.3 Potential research contribution

From a theory perspective, this research will potentially contribute to the accumulation of insights about the relationship between TMT heterogeneity and the execution of strategic leadership functions by considering the role of moderating variables such as the co-occurrence of multiple diversity dimensions. Much like Hambrick *et al.* (2015) whose findings suggest that the benefits of TMT heterogeneity hinge on role interdependence, this study also seeks to emphasise the importance of considering context in research on TMT heterogeneity. This way, the study will contribute to the existing body of literature in terms of how context influences the relationship between TMT heterogeneity and organisational outcomes.

From a practical business application perspective, the study looks to shed some light on the otherwise blanket approach that is common in non-academic literature, i.e. that diversity has positive outcomes for firms (Hunt, Leyton & Prince, 2015; Momani & Stirk, 2017; Browne, 2018; Hunt *et al.*, 2018; Deloitte, 2020). The existing body of business research relies predominantly on the information-processing perspective to make a case for diversity and inclusion. It ignores the reality that diversity does lead to the formation of subgroups on the basis of similarities in values, experiences or attitudes (Ndofor, Sirmon & He, 2015; Samimi *et al.*, 2020). In instances where subgroups are formed on the basis of differences in opinion or power – the presence of the so-called dominant coalitions – the purported benefits of diversity do not hold. It is, therefore, important to supplement this non-academic research with a nuanced view of how context could either enhance or hinder the benefits of diversity and inclusion. It is equally important to offer insights as to how the ills of social categorisation in TMTs can be managed so that they do not negatively affect business outcomes.

Business research further adopts a very narrow view of what diversity is by showing a tendency to view it as relating to gender, race and ethnicity (Hunt, Leyton & Prince, 2015; Hunt *et al.*, 2018; Deloitte, 2020). Yet, there are many ways in which diversity exists. The omission of other dimensions of diversity in business research could result in an underestimation or overestimation of the true benefits of diversity to organisations. Getting a more complete view of the scope of diversity and incorporating that in business research could help uncover this issue.

Chapter 2 – Literature Review

2.1 Introduction

The previous chapter briefly introduced the two central phenomena of this research as TMT heterogeneity and strategic decision making. The chapter further provided a brief discussion of the business relevance of the phenomena. The current chapter provides an in-depth review of existing knowledge, theory, and findings pertaining to the relationship between the central phenomena of this research. The review begins by locating the central phenomena in the broader field of strategic leadership. This is followed by a review of the existing literature, starting with the TMT and how this group of strategic leaders is relevant to upper echelons studies. Thereafter, the review considers some definitional issues of TMT heterogeneity as a construct, which is followed by a discussion of how this relates to organisational outcomes. The review considers two main perspectives – the information perspective that suggests TMTs rely on their diversity to generate a broader knowledge base and the social-categorisation perspective that largely argues that heterogeneity can lead to cognitive and affective conflict. To end off, the chapter presents an in-depth review of strategic leadership decision making before presenting a conceptual framework for the study.

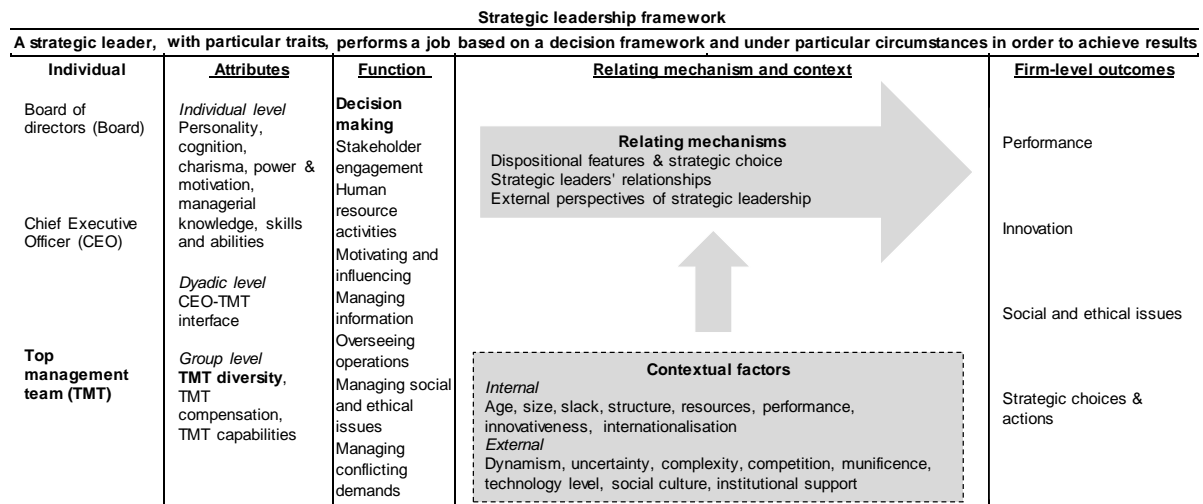
2.2 Locating the central phenomena of the research in the field of strategic leadership

As alluded to earlier, this research is grounded in the field of strategic leadership. Although research in this field has been ongoing for decades, the definition and conceptualisation of strategic leadership vary widely. This has resulted in the fragmentation of strategic leadership research and findings as evidenced by the multiplicity of definitions and perspectives, as well as by mixed research outcomes (Nielsen, 2010; Samimi *et al.*, 2020). To the extent that this fragmentation exists and scholars ground their research on different understandings of a particular concept, it is not inconceivable, nor should it be a surprise, that research outcomes will be just as fragmented and/or inconsistent. This is what reviews of strategic leadership research, particularly on the relationship between TMT heterogeneity and organisational outcomes, have found (Nielsen, 2010; Hambrick *et al.*, 2015; Li *et al.*, 2015; Samimi *et al.*, 2020).

To ensure that the point of departure of this study is both relevant and addresses the limitations just discussed, the study bases the definition and conceptualisation of its central phenomena

on a strategic leadership framework that is built on peer-reviewed research published during the 21st century. This framework, which is adapted from Samimi *et al.* (2020) and presented in Figure 1, is a synthesis of strategic leadership literature and conceptualisations developed during the 21st century that defines who strategic leaders are and the key functions they perform. The framework further provides a succinct view of the attributes of strategic leaders and how these leaders rely on those attributes to deliver their jobs.

Figure 1: Strategic leadership framework



Source: Adapted from Samimi *et al.* (2020)

The top of Figure 1 shows a working description of what strategic leadership entails: a strategic leader, with particular traits, performs a function based on a decision framework and under certain circumstances to achieve results. This description was developed specifically for this research based on the synthesis of the key elements of the strategic leadership framework, which are presented below for each of the facets of the description. These key elements of the framework are:

- The individuals considered to be strategic leaders;
- Their enabling traits;
- The functions they perform;
- The circumstances under which they perform those functions and mechanisms they rely on to achieve and/or influence outcomes; and
- The organisational outcomes that strategic leaders affect.

The central phenomena of this research are located within the first three elements of the framework, namely the strategic leaders, their attributes and the functions they perform. From the list of strategic leaders provided in the framework, this study focuses on the TMT, who is

considered to be a group of powerful actors in an organisation who performs certain strategic functions and influence organisational outcomes.

Strategic leaders are believed to have certain attributes or traits that enable them to execute their mandates. According to the framework, these attributes could be at an individual, dyadic or group level. For this study, group-level attributes, specifically TMT diversity (also referred to as TMT heterogeneity) is the chosen level of strategic leader attributes that influence organisational outcomes.

The third and final element of this research is the choice of a strategic leadership function. While the anchors of this study (Samimi *et al.*, 2020) recommend an exploration of the effects of diversity among strategic leaders on strategic leadership functions, the list of these functions as represented in the framework is long. Strategic leaders perform functions such as making decisions, engaging stakeholders, managing social and ethical issues, and overseeing operations, among others. Considering how TMT heterogeneity affects the strategic leader's performance of all these functions could be an enormous and time-consuming exercise. Thus, to focus the study, a choice has been made to limit the exploration to only one function, namely strategic decision making. Besides, strategic decision making is considered one of the most important functions of strategic leaders anyway (Olson *et al.*, 2007).

The sections that follow offer an in-depth review of existing literature on the central phenomena just described, focusing on current conceptualisation of the phenomena and on how the phenomena relate or are related.

2.3 The conceptualisation of TMT as strategic leaders

The strategic leadership framework shown in Figure 1 suggests three clusters of individuals at the top organisational level who assume responsibility for strategic leadership. These leaders are the board of directors, the chief executive and the TMT – the latter being the participant group of this study. TMT refers to a group of influential members of the organisations occupying executive or equivalent positions. Hambrick (2010) makes specific reference to general managers and their direct reports as examples of influential executives who make up an organisation's TMT. Hambrick's (2010) conceptualisation of TMT is that it incorporates the chief executive officer, which is in contrast to Samimi *et al.* (2020) framework and Hiller and Beauchesne's (2014) conceptualisations, which suggest that the chief executive officer is not part of the TMT. Whether TMTs include or exclude the chief executive office,

there is agreement that TMTs include those senior officials of the organisation who play an important role in positioning the organisation strategically.

This study adopts the approach of Hiller and Beauchesne (2014) and Samimi *et al.* (2020) in terms of which the TMT excludes the chief executive officer, but includes senior members of the organisation such as heads of departments and heads of business units. While including business unit heads is considered unrestrictive (Hambrick, 2010), this group of employees is considered senior enough to be part of the TMT because of the functions they perform which, among other things, include strategy formulation. By virtue of being involved in the strategy formulation process and strategic decision making, business unit heads fall within the conceptual purview of the upper echelons of the organisation. Support for this argument can be found in Carmeli (2008), who maintains that to the extent that a senior member of the organisation shares in the process of strategic decision making, that member is considered to be part of the TMT. Typically, these are members who are designated as such by the chief executive officer or those members with whom the chief executive officer consults regularly about strategic matters and decisions.

2.3.1 TMT and its relevance to organisational outcomes – the upper echelons perspective

The decision to base the study on TMT instead of the chief executive is informed by two considerations: access and relevance. In terms of the first consideration, the concern is that gaining access to other higher strategic leaders such as the chief executive is quite difficult. From a data collection point of view, this could compromise the quality of the study. In terms of the second consideration, the relevance of TMT as a unit of analysis is well documented in literature and traces back to Hambrick and Mason's (1984) theory of the upper echelons. This theory argues that organisational outcomes are linked to managerial attributes – and not just those of the chief executive. Subsequent research of organisational performance has recognised this theory and has reached beyond just the chief executive to study the role of the TMT in organisations. These studies have largely positioned the TMT as a powerful “decisional entity involved in forming an organisation's competitive moves” (Yoon, Kim & Song, 2016: p.761).

Li *et al.* (2015) make a similar argument and specifically link TMT to decision making, noting that the TMT is responsible for strategic decisions that shape organisational outcomes. The current research considers TMT in this context – as decision makers – and uses the upper

echelons theory as the underlying framework. The research departs from the point of view that the chief executive, as a single top executive, may experience excessive amounts of difficulty and strain were they to make strategic decisions alone, especially in turbulent times such as the VUCA world in which businesses operate in the present day (Yoon *et al.*, 2016). This makes TMT as a decisional entity especially relevant for delivering organisational success through assuming the responsibility for, and influencing, strategic choices and actions.

2.4 TMT heterogeneity as a construct

In academic literature, the term heterogeneity is used interchangeably with the term diversity. Heterogeneity is most commonly thought of as referring to the variation or differences on the basis of demographic and cognitive attributes among individuals. When used in a group context, the term refers to *within-unit* differences or the variation of attributes among group members (Uhl-bien & Maslyn, 2003; Knippenberg, Dreu & Homan; 2004; Harrison & Klein, 2007; Knippenberg & Schippers, 2007; Nielsen, 2010; Bell, Villado, Lukasik, Belau & Briggs, 2011). In addition to being a within-unit concept, diversity is further a single-attribute concept, which described the distribution of dissimilarities in respect of a shared attribute.

In the context of this study, heterogeneity refers to within-unit differences or variation of attributes among TMT members. These differences in TMT member attributes can be of a demographic or cognitive nature. Demographic diversity is based on surface-level features such as race, age and gender, while cognitive differences are deep-level and perceptually unobvious features such as beliefs, values and perspectives (Wei & Wu, 2013). Although most studies tend to view TMT heterogeneity in the way just described, the conceptualisation of heterogeneity goes beyond that. Harrison and Klein (2007) substantiate this point by arguing that limiting the definition of diversity to within-unit differences is not enough and that there are more ways to consider diversity. Specifically, these authors refer to the nature of the differences and the compositional pattern of those differences.

Despite the fact that the argument for taking a nuanced view of heterogeneity has been advanced for a while, most researchers still take a narrow view of diversity – that it refers to differences among people (Nielsen, 2010; Wei & Wu, 2013). Rarely do these researchers consider the nature of the distribution of those difference to determine whether there is minimum or maximum heterogeneity in the team. These nuances matter because they have implications for theory building, which “is enhanced by authors’ explicit specification and justification of the diversity type of interest” (Harrison & Klein, 2007: p.1207).

In light of this, the current study adopts a different approach than most studies. The present study considers heterogeneity in a more comprehensive manner, recognising that the co-occurrence of multiple diversity dimensions or aspects of diversity may have implications for its findings. This is explored in more detail in the diversity typology discussed hereunder.

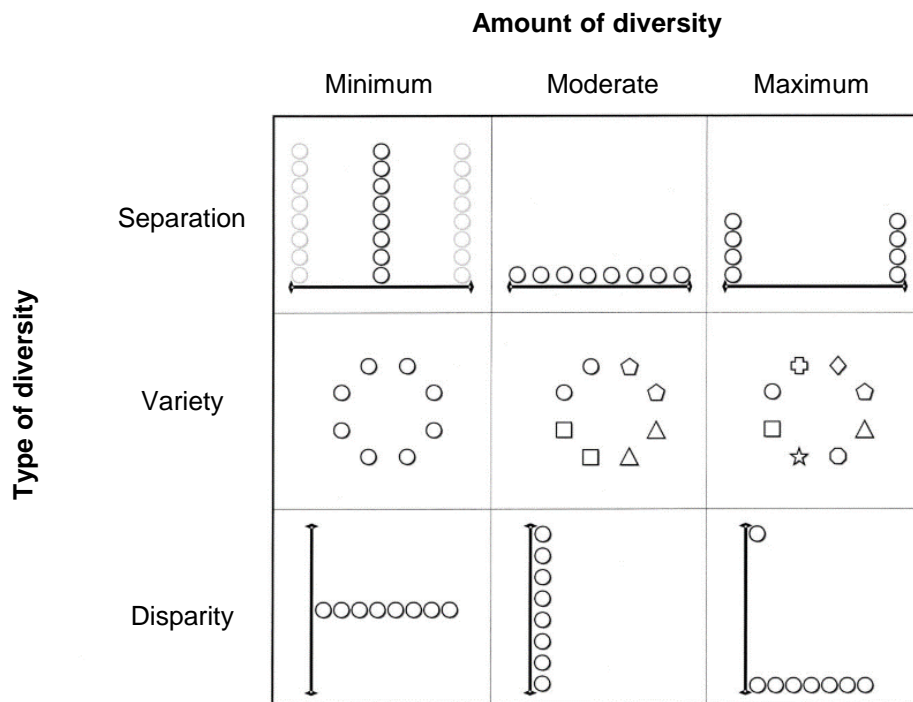
2.4.1 Diversity typology

The diversity typology that follows offers a deep dive into the various aspect that inform the scholarly view of the meaning of diversity. The conceptualisation of diversity that is offered in this research first considers the different types of diversity and what each type comprises. Thereafter, it considers the differences between demographic and socio-psychological attributes that underpin diversity, as well as makes a distinction between those TMT attributes that are task and non-task related. Finally, the section discusses the concept of diversity along a continuum. This concept, as discussed, is important to consider in TMT research as it has implications for research outcomes.

2.4.1.1 Diversity as variety, separation and disparity

TMT attributes can be categorised into three main types of diversity and two main dimensions (Harrison & Klein, 2007). The most common type is variety, which measures differences in kind or distribution of unique features of members. Variety represents differences in attributes such as educational background or functional experience among team members (Nielsen, 2010). Figure 2 provides an illustrative example of how variety and other forms of diversity may exist in organisations.

Figure 2: Different types of diversity along a continuum



Source: Harrison and Klein (2007)

The figure provides a two-dimensional view of diversity: type and amount. The figure shows two extremes in terms of the amount of variance, being minimum variance and maximum variance. Minimum variance is a classic example of homogeneity, i.e. members share the same attribute. In Figure 2, minimum variance is depicted by the circles, which symbolise a common attribute, i.e. that all members in the group share the same attribute. By contrast, maximum variance, which is a classic example of heterogeneity, occurs when members have different attributes such as gender, race, age, education and experience. This is depicted by the different shapes, which symbolise differences in categorical attributes of group members.

The other two less common types are diversity as separation, which measures differences in position or opinion, and diversity as disparity, which measures differences in pay or status (Harrison & Klein, 2007). Diversity as separation occurs when TMT members differ from one another in terms of position or opinion about a particular issue. When considered along the minima-maxima continuum, minimum separation is akin to perfect agreement among team members and therefore implies homogeneity. By contrast, a team is considered to be diverse when there are two (evenly divided) camps within the team who hold two extreme views or positions about a particular issue (Harrison & Klein, 2007).

The third type of diversity is disparity, which considers the extent to which TMT members possess status or power. Differences could further be in terms of pay or position in the organisation. When TMT members share an equal amount of the said attributes, their team is considered to be homogeneous from a disparity point of view. By contrast, maximum diversity occurs when only one member outranks all other TMT members (Harrison & Klein, 2007). The strategic leadership framework shown in Figure 1 alludes to some of these diversity types that exist in TMTs. However, similar to most studies of TMT heterogeneity, the framework does not provide a view as nuanced as that presented in the above diversity typology.

2.4.1.2 *Demographic and socio-psychological attributes*

The most commonly studied type of diversity is variety (Wei & Wu, 2013). When studying variety, most studies tend to focus on demographic characteristics such as age, gender and race, when in fact diversity is multidimensional and includes socio-psychological characteristics as well (Carpenter, 2002; Zhang, 2007; Li *et al.*, 2015; Joubert, 2017). Differences between these two dimensions were described earlier and it can be deduced that demographic diversity is based on surface-level features such as race, age and gender, while cognitive differences are deep-level and perceptually unobvious features such as beliefs, values and perspectives.

The observation that studies tend to focus on demographic features is not new or recent. Jackson *et al.* (2003) – a decade earlier than Wei and Wu (2013) – argued the same point that the socio-psychological dimension is not as widely studied. Having reviewed non-academic research on TMT heterogeneity, it can be said that the neglect of socio-psychological attributes is particularly evident (Hunt *et al.*, 2018; Deloitte, 2020). This neglect of socio-psychological diversity in TMTs *probably* underpins the unanimity among non-academic researchers that TMT heterogeneity has a positive influence on firm performance, which is in stark contrast to what academic researchers have found – mixed, but recurring non-cumulative insights (Hambrick *et al.*, 2015).

Yet, as proponents of the social-categorisation perspective argue, TMT socio-psychological characteristics can moderate the relationship between TMT heterogeneity and organisational outcomes (Wei & Wu, 2013). Therefore, neglecting socio-psychological can be a limitation to studies of TMT heterogeneity. The present study, therefore, considers the interaction effects of these two dimensions, which is explored in greater detail later.

2.4.1.3 *Task and non-task-related heterogeneity*

A further classification of diversity considers whether member attributes are task related. Task-related attributes are those that directly influence the members' ability to execute their tasks, e.g. tenure and experience (Wei & Wu, 2013). Non-task-related attributes do not have a direct influence on members' ability to execute their tasks, but are nonetheless believed to have an influence on the relationship between TMT members and how they execute their functions (Wei & Wu, 2013). A typical question on the relevance of non-task-related attributes is whether they enhance the cognitive abilities of the team. Scholars have researched non-task-related diversity under the premise that it begets task-related diversity (Harrison & Klein, 2007). This is not a consensus view; however, as some scholars argue that this purported relationship is weak and indirect (Wei & Wu, 2013).

2.4.1.4 *Heterogeneity along the minima-maxima continuum*

Whether its diversity as variety, separation or disparity, and whether it is demographic or socio-psychological, a core argument underpinning the stream of research on diversity is that TMT diversity or heterogeneity is likely to broaden the knowledge base to the benefit of the organisation (Gschmack *et al.*, 2017). The main tenet of this argument is that a broader knowledge base requires more rather than less diversity, but rarely does this research explain the concept of minimum and maximum diversity. Inferring what minimum diversity is, is less complicated. It is basically homogeneity. But the concept of maximum diversity is less easy to interpret (Harrison & Klein, 2007). By not being explicit about measurement, one could assume that if TMT attributes are not homogenous, they must be heterogeneous.

Figure 2 above shows that this assumption may be fraught with errors as the amount of diversity in a team ranges from minimum to moderate to maximum. Therefore, assuming that the absence of homogeneity means heterogeneity can lead to incorrect outcomes. This is because the absence of homogeneity could in fact mean two things: either there is moderate heterogeneity or there is maximum heterogeneity. Overlooking this difference makes it more likely for studies of TMT heterogeneity to find mixed results for two reasons:

- Moderate and maximum heterogeneity lead to different outcomes; and
- What is maximum diversity to one scholar could be moderate diversity to another. This could lead to measurement errors and inaccurate outcomes.

The risk of finding mixed results due to measurement errors makes it all the more necessary to be clear about these definitional issues prior to embarking on research.

that the assumed type of diversity in the study is variety since the author is concerned about the differences in demographic factors.

It should, therefore, neither be surprising nor inconceivable that research results on TMT heterogeneity are inconsistent. To the extent that theory building on TMT heterogeneity is enhanced by a proper account of the diversity types, studies that do not explicitly account or control for multiple diversity dimensions are likely going to add to the plethora of inconsistent research findings. This study adopts the approach proposed by Harrison and Klein (2007) and Hambrick *et al.* (2015), which argues that explicit reference to a type of diversity will likely improve cumulative insights from research outcomes.

2.6 TMT heterogeneity and organisational outcomes

Clarity on the diversity typology gives insights about how heterogeneity might exist in TMTs, which can then be used to explore its effects on organisational outcomes. Following Hambrick and Mason's (1984) theory postulating that managerial background attributes predict organisational outcomes, scholars have attempted to study this relationship using TMT heterogeneity as a measure of managerial background characteristics. However, despite there being a distinct body of literature and recurring themes, findings are mixed and ambiguous (Carpenter, 2002; Zhang, 2007; Nielsen, 2010; Wei & Wu, 2013; Hambrick *et al.*, 2015; Li *et al.*, 2015; Yoon *et al.*, 2016; Samimi *et al.*, 2020). This is decades of research that has found and continues to find inconsistent outcomes. Reviews of scholarly research on TMT heterogeneity and firm outcomes, such as those by Nielsen (2010) and Samimi *et al.* (2020), maintain a view that TMT heterogeneity is "a double-edged sword that can be beneficial for certain purposes in specific contexts and detrimental in others" (Samimi *et al.*, 2020: p.10).

Non-academic business researchers, however, appear to be more aligned with one another. These researchers recognise heterogeneity among the upper echelons of an organisation as a source of competitive advantage (Hunt *et al.*, 2018). They argue that diversity exerts a positive influence on organisations and that companies that have embraced diversity perform better financially (Hunt *et al.*, 2015; Momani & Stirk, 2017; Hunt *et al.*, 2018; Deloitte, 2020). These findings put these researchers at odds with academic scholars, which seems to be rooted in the framework that non-academic scholars use to study TMT heterogeneity.

In addition to being informed by different conceptions of central phenomena, these mixed findings from the point of view of academic scholars are rooted in social psychology, which

has produced two perspectives: the information perspective and the social-categorisation perspective (Hornberg & Bui, 2013). Scholars who have found a positive outcome rely on the information perspective to explain the relationship (Wei & Wu, 2013; Gschmack *et al.*, 2017). By contrast, scholars who have found a negative relationship emphasise the social-categorisation perspective (Cooper, Patel and Thatcher, 2014). These two perspectives are explored in greater detail below.

2.6.1 The information perspective of TMT heterogeneity

The information perspective emphasises the role of a broader knowledge base and multiple and alternative perspectives in idea generation, which ultimately manifest in good quality decisions, choices and actions (Wei & Wu, 2013; Samimi *et al.*, 2020) This perspective suggests that if heterogeneity in TMTs brings about alternative perspectives and increased levels of information that can be used to facilitate a comprehensive evaluation of decision choices, then having such heterogeneity might benefit the organisation (Wei & Wu, 2013). The perspective is founded on Hambrick and Mason's (1984) upper echelons theory that supposes that attributes of TMT members predict the organisation's strategic choices and performance levels.

Consistent with this supposition, Gschmack *et al.* (2017) found that heterogeneous TMT attributes do enable TMTs to develop a broad knowledge base. TMTs leverage this knowledge base by engaging in bi-directional information exchange through discussion and debate, which leads them towards the development of good quality decisions. This finding is coherent with earlier findings of researchers such as Elenkov, Judge and Wright (2005) who focus on the information perspective.

Another benefit of TMT heterogeneity when considered from an information perspective is the role it plays in managing groupthink (Kamalath, 2018). This is an important concept to consider in this research due to the impact that groupthink has on decision making (Rose, 2011). Researchers have found that TMT heterogeneity affects TMT performance positively insofar as decision making is concerned by overcoming groupthink (Maier, 2011; Kamalath, 2018). Groupthink is the inability of TMTs to leverage their alternative perspectives and ideas when making decisions (Kamalath, 2018). Failure to consider alternative perspectives to otherwise dominant views of TMT, which are sometimes caused by cognitive biases and/or homogeneity, is believed to be one of the key factors that lead to poor decisions (Rose, 2011).

Having heterogeneity in TMTs and leveraging their perspectives and ideas have been found to overcome groupthink to the benefit of decision quality (Maier, 2011; Kamalnath, 2018).

2.6.2 The social-categorisation perspective of TMT heterogeneity

Social categorisation refers to the process in which people group or sort themselves on the basis of likeness. Rule and Sutherland (2017) suggest that categorisation can occur on the basis of perceptually obvious features such as age, race, and gender, as well as on the basis of perceptually ambiguous features such as values, beliefs and affiliations. Within the context of TMT heterogeneity, social categorisation refers to the tendency for TMT members to “sort each other into social categories or to create hypothetical divides” (Samimi *et al.*, 2020: p.10). When this happens, diversity within TMTs leads to conflict, which harms the performance of the organisation (Wei & Wu, 2013; Samimi *et al.*, 2020).

A TMT who experiences affective conflict due to social categorisation may not find collaboration easy, thus making collective decision difficult to achieve. In such cases, homogeneity is purported to lead to team cohesion and increased identification with other TMT members. This reduces conflict, which detracts from collective decision making or team performance. Ndofor *et al.* (2015) suggest that the strength of the social categories, which depend on close alignment of TMT member attributes, can lead to social categorisation affecting TMT performance above and beyond what TMTs can gain through the information perspective. Cooper *et al.*, (2014) argue that the impact of social categorisation on an organisation’s performance depends on context, but agree that it has a negative impact when the operating environment is dynamic. Huettermann, Doering and Boerner (2017) find evidence that TMT heterogeneity does give rise to conflict, but the strength of the conflict appears to depend on the type of diversity that exists in the team.

These findings on how social categorisation affects TMT performance reinforce the arguments made earlier about the shortcomings of studies that have only considered diversity to be about differences in the demographic make-up of the TMT. To some extent, they also provide evidence for why prior research findings have been non-cumulative. In this study, the moderating role of social categorisation is explicitly accounted for, which is shown in the conceptual framework of the study presented at the end of this chapter.

2.6.3 Interaction effects between the information and social-categorisation perspectives of TMT heterogeneity

Accounting for a potentially moderating effect of multiple diversity dimensions begins to consider the interaction effects of the different perspectives of TMT heterogeneity. There are scholars who contend that the inconsistency in TMT heterogeneity research outcomes is due to the interaction effect between the information and social-categorisation perspectives being ignored (Nielsen, 2010; Samimi *et al.*, 2020). The underlying hypothesis of this argument is similar to what was advanced by Harrison and Klein (2007) that diversity types are likely to co-occur and may even have causal relationships and/or joint outcomes for TMT. Accounting for interaction effects could potentially provide cumulative insights about the nature of the relationship. Indeed, Michie, Dooley and Fryxell (2017) had also earlier found TMT members' interactional conduct is believed to have strong effects on the quality of the decision.

Therefore, a dynamic approach that considers interaction effects is required when conducting research on how TMT heterogeneity affects organisational outcomes. Samimi *et al.* (2020) also recommend that this approach be adopted in further exploratory inquiries of the effects of TMT heterogeneity on the execution of strategic leadership functions. Following such an approach may help resolve some of the inconsistencies found in TMT research.

2.6.4 TMT heterogeneity and the strategic leaders' context

Other scholars such as Carpenter (2002), Hambrick *et al.* (2015), and Li *et al.* (2015) argue that the inconsistency in TMT heterogeneity research outcomes is due to a context-agnostic approach that researchers tend to adopt. According to this view, the relationship with organisational outcomes is contingent on context, complexity, and the way in which TMTs are structured. Samimi *et al.* (2020) provide a comprehensive view of what this strategic leadership context entails. These authors argue that the relationship between strategic leaders, their attributes, and firm-level outcomes is moderated by a series of internal and external contextual factors. Internal factors, which are reflected in Figure 1, include the structure of the organisation and internationalisation, while external factors include competition, dynamism and a trend of volatility, uncertainty, complexity, and ambiguity, i.e. the so-called VUCA elements.

The context-contingent logic advanced by this school of thought suggests that there are contexts in which TMT heterogeneity is beneficial and contexts in which having homogeneity

is preferable. Considering organisational or TMT structure as an example of the internal context, Hambrick *et al.* (2015) suggest that “a breakthrough [in TMT heterogeneity research] resides in the reality that TMTs vary in how they are fundamentally structured” (p.449) and the effects of TMT heterogeneity hinge on interdependence. In this context, TMT heterogeneity affects TMT processes only to the extent that members depend on collaboration with each other to perform their functions as strategic leaders. In a recent study, Vallone, Elia, Greve, Longoni and Marinelli (2019) consider internationalisation as an example of the external context and find that TMT heterogeneity in the form of international experience and education better enables organisations to deal with complexities emanating from internationalisation.

These arguments about context and complexity seek to demonstrate and underscore the dynamic nature of the business environment. They further recognise that some organisations operate in fairly stable environments, while others operate in environments where VUCA elements reign. Depending on what the underlying context is, TMT heterogeneity can yield positive outcomes, but it can also be less beneficial or even harmful in other contexts.

The VUCA elements that have come to define the operating environment for businesses increasingly require organisations to adapt their past practices and structures (Heugens & Lander, 2009). The context-contingent logic just described implies that in order for organisations to thrive, these contexts require “broad-gauged environmental scanning and creative idea generation, as well as a balance of innovation and organisational pragmatism” (Hambrick *et al.*, 2015: p.453).

2.7 Decision making as a strategic leadership function

A synthesis of strategic leadership functions is provided in the strategic leadership framework presented in Figure 1. The framework shows a list of functions that strategic leaders perform, including engaging with stakeholders, managing social and ethical issues, and managing human resource activities. The recommendation that forms the basis of this study suggests that an inquiry be conducted on how TMT heterogeneity affects the performance of these strategic leadership functions. However, the list of strategic leadership functions offered by Samimi *et al.* (2020) is rather long; thus, to focus the study, a choice has been made to only consider the effects of TMT heterogeneity on decision making as one of many functions performed by strategic leaders that play a key role in organisational success (Parayitam & Papenhausen, 2018; Samimi *et al.*, 2020).

Decision making is one of the most studied functions of strategic leaders and its prominence in research underscores its importance as a driver for organisational outcomes (Parayitam & Papenhausen, 2018). Olson *et al.* (2007) argue that this prominence highlights the value of understanding the key drivers and influencers of decision making and the decision-making process.

There is further a unique business case that justifies focus on strategic decision making. As alluded to earlier, the environment in which businesses operate has become more VUCA-like. Meeting the challenges of such a chaotic business environment requires the pattern of decision making to adapt, thereby shifting away from a conditioned-type response to a more interactive response. As is argued by Parayitam and Papenhausen (2018), the difficulty of decisions in this context necessitates analysis and thinking that is collective in nature, which appears to rely on members sharing information and perspectives.

Although this perspective admittedly relies on the information-processing, Olson *et al.* (2007) argue that if managed co-operatively rather than competitively, even the social-categorisation perspective might yield positive outcomes. Few and Joshi (2013) agree with this view that the negative impact of social categorisation on decision making can be overcome. These scholars maintain that conflict matters and has a positive contribution to highly complex decisions in VUCA business environments. It would appear from the synthesis of this literature that the main proposition being advanced regarding the relationship between strategic decision making and TMT heterogeneity is that diversity offers opportunities to analyse complex problems from different perspectives, thus resulting in good quality decision. In fact, Browne (2018) supports this view, by suggesting that diversity in leadership teams leads to better problem-solving abilities.

2.8 Strategic decision making and TMT heterogeneity

Gschmack *et al.* (2017) is one of the recent studies that offer a perspective on how TMT heterogeneity affects decision making. These authors argue that TMTs draw on a broader knowledge base and exchange information through dialogue during strategic decision making. The information exchange is stimulated by higher levels of TMT heterogeneity, which then allow TMTs to develop high-quality decisions. This view is in line with the view of Michie *et al.* (2017) that heterogeneous TMTs who have a high organisational goal consensus are able to make better decisions due to collaboration and enhanced information processing. Benefits to the quality of decisions are, however, diminished when there is no goal consensus as TMT

members tend to politicise issues and restrict the flow of information. This is a typical outcome of social categorisation, which, as has been found, detracts from good quality decisions.

Kamalnath (2018) adds a nuanced perspective, namely that the information exchange and dialogue between TMT members remedy groupthink, which is often found in TMTs. As has already been discussed, groupthink has a negative impact on decision making. According to this view of Kamalnath (2018), failure to consider alternative perspectives to dominant views of TMT leads to poor decisions. Having occupational diversity not only enables teams to reach better quality decisions, but it also enables them to reach such decisions faster and more effectively.

However, TMT heterogeneity is not an end, but rather a means to an end. The benefits of heterogeneous TMTs are not realised automatically; they need to be enabled and this requires collaboration. Michie *et al.* (2017) argue that “while TMT heterogeneity may potentially increase the information-processing capacity of the TMT, it is the actual behaviours of the TMT that lead to effective use of the diverse knowledge and skills of team members”. The point being made by these authors borders on the issue of affective and cognitive conflict of TMT members, which, as Samimi *et al.* (2020) found, harms performance. This view is taken into account in this research. Specifically, the issue of TMT member behaviours is explored in great detail, considering that it has a moderating effect on the relationship between TMT heterogeneity and strategic decision making.

2.9 A conceptual framework for the study on TMT heterogeneity

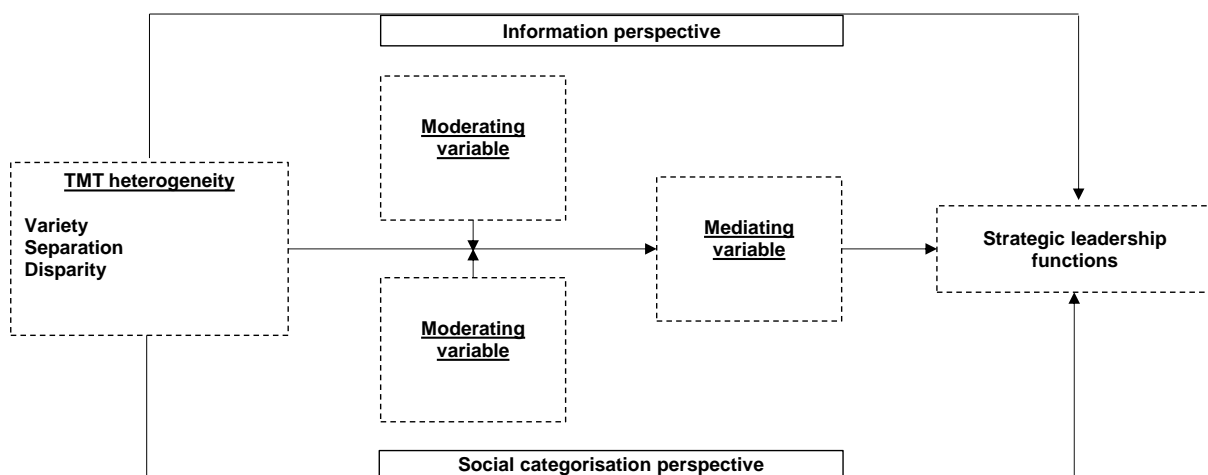
Overall, the overarching view in academic literature is that cumulative findings about the TMT heterogeneity and organisational outcomes are inconsistent. Some studies show this relationship to be positive, while others suggest it to be negative. There are also studies that suggest the relationship is simply non-linear. Wei and Wu (2013), Hambrick *et al.* (2015) and Samimi *et al.* (2020) suggest that studies of this relationship should not ignore context. Rather, a dynamic approach that looks at context, structural dependencies, co-occurrence of the various type of diversity, and interaction effects among these diversity types is required. Such a dynamic process would highlight the role of moderators and mediators, which has not been accounted for adequately in many studies.

In recognition of these views, this study adapts the conceptual framework developed by Wei and Wu (2013) in a way that accounts for dynamism and interaction effects in TMT

heterogeneity. This framework is presented in Figure 4. First, the framework shows that TMT heterogeneity is multifaceted, comprising of variety, separation and disparity. Secondly, it shows that the two main perspectives that have been used to study the relationship between TMT heterogeneity and strategic leadership functions are the information perspective and the social-categorisation perspective. What is required, however, is an account of issues such as context and the co-occurrence of diversity types as these factors are believed to moderate the relationship between TMT heterogeneity and strategic leadership functions.

The transmission mechanism that accounts for co-occurrence – moderating variables and mediating variables – is what Samimi *et al.* (2020) refer to as a dynamic process that could help resolve the issue of inconsistent findings in TMT literature. This is shown in the framework as the interconnection that lies between the two perspectives, suggesting that the study of the impact of these two perspectives need not be done in isolation. Variables that drive the advantages of the information perspective could interact simultaneously with those that drive the disadvantages brought about by social categorisation (Harrison & Klein, 2007; Nielsen, 2010; Michie *et al.*, 2017; Samimi *et al.*, 2020). These variables could influence the relation between diversity and leadership functions by either enhancing it or hindering it (i.e. moderation). This conceptual framework is used to guide the approach of this study.

Figure 4: The conceptual framework for the study of TMT heterogeneity and strategic leadership functions



Source: Adapted from Wei and Wu (2013)

Chapter 3 – Research questions

3.1 Research approach and philosophical assumptions

This research is set out to explore how TMT heterogeneity affects strategic decision making and to consider the mediating role played by the co-occurrence of multiple dimensions of diversity. To this end, the following four main research questions have been identified and were informed, among other things, by existing literature on TMT heterogeneity.

Research Question 1 – In what ways does TMT heterogeneity affect the quality of strategic leadership decision making in official sector institutions?

The aim of this question is to solicit the views of research participants regarding their understanding of TMT heterogeneity and their experience of how it exists in official sector institutions. Further, it is aimed at gathering insights about the specific mechanisms or channels through which heterogeneity affects the quality of decisions that have been entrusted with TMTs.

Research Question 2 – How do TMTs leverage their diverse demographic and/or socio-psychological characteristics to develop high-quality strategic decisions?

This research question aims to identify specific actions that diverse TMTs take to leverage their diversity. It is expected that through this question, a clear understanding of whether TMTs take deliberate action to leverage their heterogeneity to benefit the quality of their decisions will emerge. In cases where they do, this question considers some of the practical actions taken in that regard.

Research Question 3 – How does the co-occurrence of multiple diversity dimensions moderate the relationship between TMT heterogeneity and strategic decision making?

This question seeks to delve into the idea that the co-occurrence of multiple dimensions of diversity potentially moderates the relationship between TMT heterogeneity and the execution of strategic leadership functions. Therefore, it aims to gather views whether this actually

happens and how it happens. Specifically for this research, the question is aimed at generating views about how the co-occurrence of multiple diversity dimensions affect decision making and whether this is different when one control for co-occurrence.

Research Question 4 – How do multiple and alternative perspectives generated by diverse TMTs affect decision making in a fast-paced business environment?

This question builds on the fact that businesses are operating in increasingly complex environments, which require complexity-contingent practices. Considering this, the question aims to determine how diversity, through the generation of multiple and alternative perspectives about business challenges, affects decision making. First, the question seeks to answer whether the process of decision making is any different under VUCA contexts and, second, whether diversity has any benefits for decision making under such contexts.

Chapter 4 – Research methodology

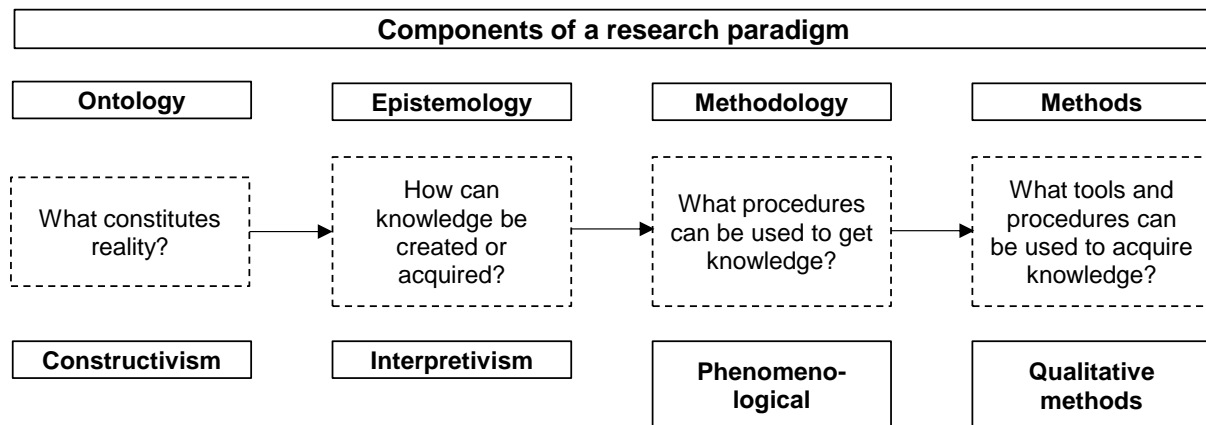
4.1 Research approach and philosophical assumptions

This study intended to be a qualitative inquiry into how TMT diversity affects strategic decision making, which were the two central phenomena under consideration. A qualitative inquiry concerns itself with exploring, understanding and interpreting the meaning that research participants ascribe to a phenomenon (Creswell & Creswell, 2018). As such, this study sought to explore how TMT diversity (an explanatory variable) affects strategic decision making (a dependent variable), considering the role of moderating and mediating variables as described in the conceptual framework. This choice of a research approach aligned with the exploratory nature of the research problem at hand and was further informed by the recommendation of Samimi *et al.* (2020) upon which this study was anchored.

Following a qualitative approach for upper echelons research is in contrast with most other studies of the theory, which are dominated by quantitative research methods (Nielsen, 2010). Many of these upper echelons studies have generally sought to explain the causal relationship between TMT heterogeneity and organisational outcomes and, in doing so, have developed various hypotheses as to how specific TMT attributes affect organisational outcomes such as performance (Carpenter, 2002; Zhang, 2007; Yoon *et al.*, 2016). Being a study of team processes that are often subject to context, Nielsen (2010) suggests that this extensive reliance “on quantitative research methods [that] rarely triangulate with non-quantitative data sources is remarkable” (p.310). There was, therefore, a need to adopt a different approach with the hope that the insights it generated would be cumulative and not dependent on, or subject to, the same limitations of quantitative methods.

Prior to delving deeper into the methodological tools and procedures that this study used, it is instructive to specify the philosophical assumptions that underpinned it. Patel (2018) provides a framework to help one think through these assumptions. The framework fully encompasses a research paradigm that links philosophical assumptions to the research methodology and design. The framework, presented in Figure 5, follows a similar categorisation as Scotland (2012) for the different components of the framework.

Figure 5: Components of a research paradigm



Source: Adapted from Scotland (2012) and Patel (2018)

The first philosophical assumption relates to ontology. Ontological assumptions concern themselves with beliefs about reality and whether there is a single reality (Patel, 2018). Researchers, therefore, need to be clear about their stand on this assumption (Scotland, 2012). This study followed Goertz and Mahoney (2012) who argue that there is no single reality in qualitative studies. Rather, reality is constructed within a particular context, which is what other scholars say about upper echelons research (Carpenter, 2002; Zhang, 2007; Hambrick *et al.*, 2015; Li *et al.*, 2015). Thus, it is on this basis that this study was *constructionist* in nature. It recognised that there is not a “single reality” about upper echelons research. This reality must be induced and interpreted from the views of participants. The exploratory nature of the study required necessitated this approach, as opposed to what would have been the case had the study been quantitative.

The stance on what constitutes reality led to epistemological assumptions, which were concerned about how this reality or knowledge could be acquired (Scotland, 2012). Following the assumption that there is not a single reality, researchers have to ask exploratory, open-ended questions about “the nature of the relationship between the would-be knower and what can be known” (Scotland, 2010: p.9) and then proceed to make sense of the meaning of what the would-be knower says. The researcher, therefore, *interprets* meaning. The assumptions about ontology and epistemology that applied to this study are shown at the bottom of Figure 5.

The last two components of the study related to the methodology and methods. The methodology is about the underlying theory of the researcher conducting the research, while the method is the practical aspect of the methodology, considering aspects such as tools and procedure (Creswell & Poth, 2018). In keeping up with the assumptions of this research that

it intended to rely on meaning derived from participants' views, a phenomenological investigation concerned with the experiences of participants was deemed appropriate. As Denscombe (2017) holds, "phenomenology is particularly interested in how social life is constructed by those who participate in it" (p.139). To arrive at the social construction of reality about the effects that TMT diversity has on decision making, following a phenomenological approach meant that the researcher relied on the views of the would-be-knowers to make sense of their meaning. The remainder of this section discusses methodological issues.

4.2 Population and research setting

The population for this study comprised members of organisations based in Gauteng, South Africa. To keep up with the purposeful nature of the study, focus was placed on organisations operating within the official financial services sector. Furthermore, because one of the central phenomena of the study concerned the behaviour of TMT members, only official sector employees occupying positions that rank third and fourth in the management ladder were considered. Officers within the top two ranks of the management ladder, akin to chief executives and their deputies, were not considered as these position make up a different subgroup of strategic leaders than what this study was concerned about (Samimi *et al.*, 2020).

4.3 Unit of analysis

Srnka and Koeszegi (2007) argue that the choice of the unit of analysis should be guided by the research questions as this is more likely to lead to a more accurate or relevant entity for the purpose of data collection. This research studied group-level attributes of TMTs, which is a team-level concept; thus, this was the unit of analysis of the study. The study, therefore, relied on the views of individual members within TMTs of organisations operating in the official sector.

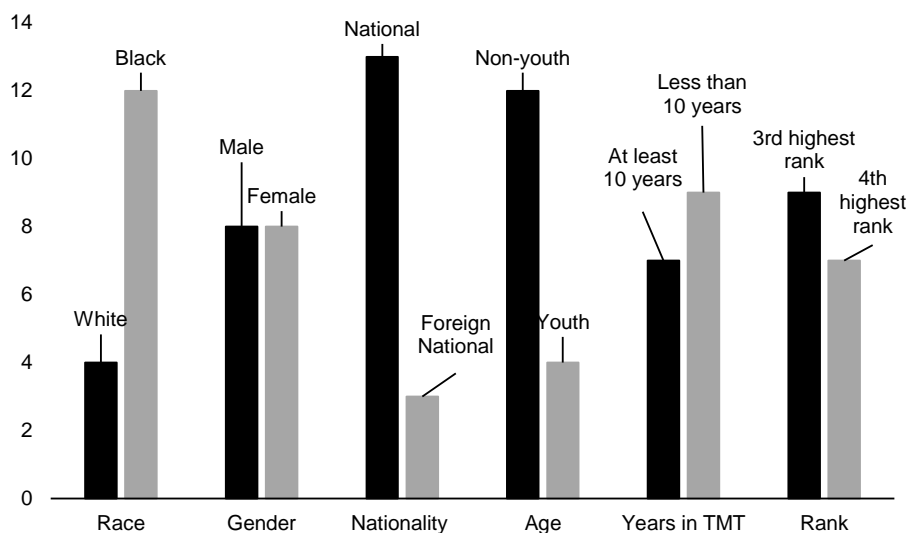
4.4 Sampling

Most studies of the upper echelons theory are based on purposive, non-probability sampling (Nielsen, 2010). Purposive sampling affords a researcher an opportunity to select participants who are regarded as the would-be knowers of the central phenomena of the study. The

purposive nature of the sample should lead to the identification of research participants who have intimate knowledge of the central phenomena of the research or who have lived experiences that the researcher could use to interpret and construct reality. This argument is in line with Patton’s (2002) view that “information-rich cases are those from which one can learn a great deal about issues of central importance to the purpose of the inquiry” (p.231). A purposefully chosen sample has at its core this benefit of providing depth. The constructivist nature of the present study made this the most relevant sampling method because it promised the kind of depth that was required from relevant participants to help interpret meaning about the central phenomena.

As previously alluded to, this study focused on official sector institutions within the financial services sector. Therefore, only individuals from these institutions were considered for purposes of data collection. As a further qualifying criteria, only TMT members who were part of diverse teams were interviewed, where diversity was defined in line with at least one of the main types of diversity considered in this research. In total, 16 participants were interviewed. These participants came from four official sector institutions within the financial services sector in South Africa and all had experience in strategy-related work. Furthermore, these members were part of diverse teams (discussed in detail in Chapter 5) who make strategic decisions on behalf of the organisation. Figure 6 provides some of the demographic characteristics of the 16 interview participants whose experiences and views form the basis of this study.

Figure 6: Demographic characteristics of interview participants



Source: Author’s own calculation

Note: Youth is defined as an interview participant whose age is 35 years and below, while non-youth is defined as an interview participant whose age is above 35 years.

It is instructive to note that because this study focused solely on official sector institutions within the financial services sector in South Africa, it was expected that the sample size would not be very large. However, this is typical of qualitative studies, which tend to focus on relatively small samples (Boddy, 2016; Malterud, Siersma & Guassora, 2016).

4.5 Measurement instrument

The process of arriving at conclusions about the central phenomena being explored in this study was inductive and relied solely on the views of the aforementioned 16 participants. Interviews with these TMT members were used to obtain views about how TMT heterogeneity affects decision making. Saunders and Lewis (2012) and Denscombe (2017) suggest that interviews are the most suitable method for collecting data when conducting an exploratory study. Interviews give the researcher an opportunity to probe, thus creating room to gain in-depth insight about the central phenomena and how the phenomena interact or are interconnected (Denscombe, 2017). In the case of this study, probing questions that sought to gain more clarity and examples were asked during the interview. The overarching objective was to collect participant views in a broad and general manner to give enough content for constructing meaning. To allow for requisite flexibility, the interviews were semi-structured to avoid tight control that would have otherwise rendered the interview a face-to-face questionnaire (Denscombe, 2017).

There are various other measurement methods that could have been used to collect data, such as questionnaires, observations and documents. However, given that this study was exploratory and the goal was to obtain broad and general participant views, these alternative measurement instruments were not considered optimal due to their respective limitations in respect of exploratory research. Creswell and Creswell (2018) allude to some of these limitations: a questionnaire, for example, limits participants only to choices available on the questionnaire; observing participant behaviour may be subject to interpretation errors, depending on the perspective and biases of the researcher; and, in the case of documents, not all participants may be able to articulate themselves well enough to get the message across. Although some of these limitations were observed even during the semi-structured interviews conducted for this study, they were controlled by asking probing questions that created opportunities to understand and clarify what the interviewees were saying in more detail.

The basis of interview questions was the main and sub-questions specified under the research aim (Saunders, Lewis & Thornhill, 2015). For each research question, the interview schedule had at least two questions that were linked to the main and/or sub-questions. A final set of interview questions is reflected in Appendix B. A pilot interview was conducted as a way of testing the interview protocol for appropriateness and relevance. Issues considered during the pilot included: how long it took to run the interview; whether the interview questions yielded relevant answers for each of the research questions; and whether interview questions were not leading. The pilot was further used to test the functionality of the platform, namely Microsoft Teams, which was used to conduct the interviews. The platform was specifically tested for audibility and its ability to record and store recorded data for later use in transcription and analysis.

4.6 Data gathering process and ethical considerations relating to data collection

All interview participants were contacted by means of an email requesting an interview. The email indicated the aim of the research and the high-level research questions that the research sought to answer. However, the specific interview questions were not shared via email. Attached to each email was a consent letter, which spoke to various ethical considerations. At a high level, these ethical considerations sought to ensure the confidentiality and anonymity of interviewees and the institutions for which they work; provided sufficient information about the research being conducted to ensure that the interviewees were informed about what they were consenting to during an interview; and reminded interviewees that their participation in the interview was voluntary.

On the day of the interview, participants were reminded of the aim of the research and the two central phenomena. Interviewees were further informed that they reserve the right to not respond to certain or all questions asked during the interview and, subsequent to the completion of the interview, could decide to withdraw their participation. In case of participant withdrawal, none of the data collected from the interview subject could be used further in the research. However, none of the interview participants opted to withdraw. Specific undertakings in respect of confidentiality, anonymity and voluntary participation that were contained in the preamble of the interview schedule were read out. The purpose was to solicit a response to the content of the consent form that was provided to and signed by all interviewees. A generic consent letter used for all interviews is attached to this report as Appendix A. All signed consent letters have been stored.

While there was a specific order of questions, as per the interview schedule in Appendix B, the actual interviews did not always follow that order as some interview participants pre-empted later interview questions in their responses. Consistent with the idea of semi-structured interviews, the interviewer allowed for open and broad dialogue, but still ensured that the main questions of the interview were answered. Maintaining flexibility throughout the interview created opportunities for interviewees to express themselves more openly without restrictions (Denscombe, 2017). This approach fitted the ontological assumption of this study, which required that participants be allowed to express their views about reality as they saw it and for the researcher to construct meaning by interpreting those views (Scotland, 2012).

4.6.1 Data collection platform and storage

The interviews were virtual given the Covid-19 context in 2020, which required social distancing to be maintained. Such a context is not conducive to face-to-face in-person interviews. All interviews were conducted on Microsoft Teams and were recorded for transcription. Reliance was placed on the services of an independent transcriber. Following transcription, the researcher verified the accuracy of all interview transcripts against the recordings of the interviews. The independent transcription service provider was subject to a confidentiality and non-disclosure agreement (see Appendix C), which aimed to ensure the privacy and protection of interviewees. The confidentiality and non-disclosure agreement alluded to irreparable harm that may be caused should any part of the information contained in the interviews be disclosed directly or indirectly by the transcriber. To this end, the transcriber was required to irrevocably undertake not to divulge any information contained in the recordings and transcripts to any third part unless authorised to do so by the interviewer.

All data collected during the interview process is stored on OneDrive. All interview transcripts were filtered for names and other interviewee identifiers and are stored in a computer file, where they will remain for a period of at least 10 years. Interview recordings were downloaded and are stored in a computer file, but only until the date of submission of this report.

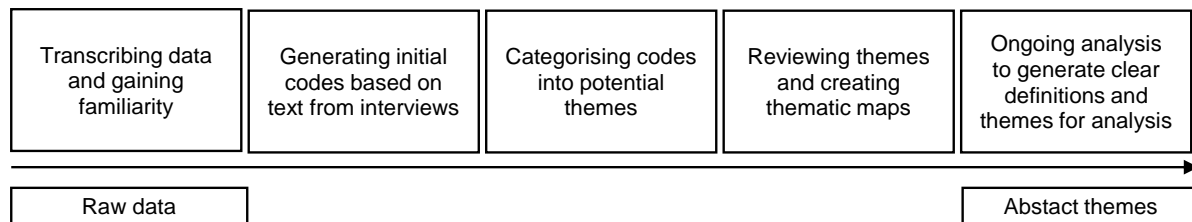
4.7 Analysis approach

The overarching objective of analysis was to achieve a leap from the raw data collected during interviews to abstract meaning of what would-be knowers perceive to be reality, in their lived experiences, about the central phenomena of the research. This approach is in line with the

philosophical underpinnings of this research about what constitutes reality and how knowledge about that reality is acquired.

In keeping up with these ontological and epistemological assumptions, a sequenced approach was followed to analyse data. All interview transcripts were loaded onto Atlas.ti for analysis, similar to studies that use qualitative research instruments (Joubert, 2017) and as recommended by Saldana (2009). Once the qualitative data was loaded, various codes were assigned to the text obtained from the transcripts. Similar phrases in the text were assigned similar codes, thereby helping to create views, ideas and/or thoughts about what interview subjects were saying. The process evolved toward abstraction, where all codes that were identified in the first step were categorised according to the similarity of their salient features. Lastly, themes were created based on these categories. Recurring themes pertaining to each of the identified research questions were identified. Each theme was assigned a descriptor for ease of reference, and was reviewed repeatedly for accuracy. The process followed to abstract meaning from the raw data is similar to that of Braun and Clarke (2006), which is summarised in Figure 7.

Figure 7: Data analysis approach and process of developing themes



Source: Adapted from Braun and Clarke (2006)

An important feature of this process is the iterative nature of coding that took place to ensure accuracy and commonality of the various codes grouped in each category and later used to develop themes. The themes emanating from the literature review informed part of the coding; however, the open-ended, broad and general approach of the interviews and questions meant that new themes emerged that were not necessarily reflected in the literature review.

4.8 Limitations of the research design and methods

There are risks and limitations associated with the subjective nature of qualitative methods (Saunders & Lewis, 2012; Creswell & Creswell, 2018). A key issue here is the extensive reliance that is placed on the researchers, whose experience in conducting interviews may

not be adequate. It is also the case that the researcher may have unconscious biases that may inadvertently affect participants' responses. These biases could further manifest in the perspective that the researcher takes when interpreting and synthesising the views of research participants. It is further recognised that research participants are not all likely to be as articulate and elaborate, prompting the researcher to ask clarifying questions or for more information (Denscombe, 2017). In doing so, there is a risk that confirmation biases may be introduced into the data collection exercise.

Qualitative research studies tend to rely on relatively small samples that are guided by data saturation and context (Boddy, 2016; Malterud *et al.*, 2016). This may have limitations for certain aspects of the study, such as its ability to be generalised. However, to the extent that these generalisations are to be in a manner that recognises context, the study should offer cumulative insights about the central phenomena under study.

In this study, the following limitations were identified:

- There may have been researcher bias in the manner in which this study was conducted. Although deliberate effort was made to control bias by not asking leading questions during interviews, it is possible that insights gained during the review of existing literature on TMT heterogeneity and decision making may have influenced the interpretation of the raw data. Furthermore, while effort was made to have a diverse group of interview participants, black, non-youth South Africans dominated the sample group (Figure 6). To the extent that this group of individuals shares a certain perspective about TMT heterogeneity and decision making, this may result in biases in the outcome of the research.
- Although the researcher has experience in conducting workplace interviews, the researcher is not an interview expert. This too could have influenced the outcome of the interviews despite there being an interview protocol, which was made to guard against this limitation.
- The population of this study was official sector institutions operating within the financial services sector in South Africa. By design, there are not many such institutions in an emerging economy. Specifically for this study, interviewees came from four official sector institutions and, because of the purposive sampling approach, this meant that only a handful of individuals matched the qualifying criteria for interviews. On its own, choice of the sector could be a limitation as it lends itself to small sample sizes. However, effort was made to reach a reasonable level of saturation.

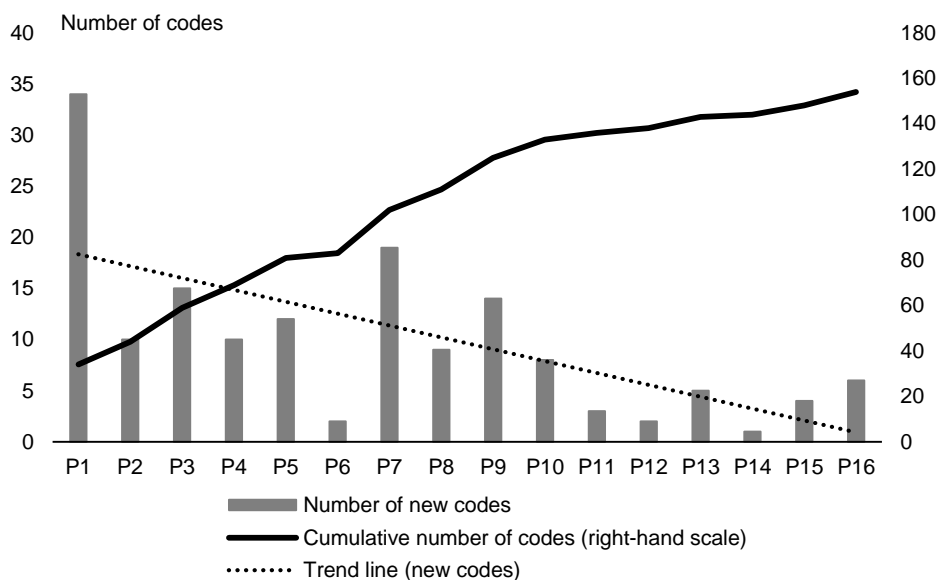
- Official sector institutions are not-for-profit organisations. This makes them different from other financial sector entities, which have a profit motive. This difference implies that the operating models of these two types of institutions may be different and, as such, parallels cannot be drawn between these so-called public and private sector institutions. In this regard, there may be limitations in attempting to draw credible generalisations about how TMT heterogeneity affects decision making more broadly.

Chapter 5 – Research findings

5.1 Introduction

This chapter presents findings from the research interviews completed with 16 participants who formed part of TMTs in four official sector institutions operating within the financial services sector in South Africa. The results are based on a total of 154 codes generated during the interviews and which capture the essence and salient points of the interview discussions. Figure 8 below depicts the cumulative number of codes and how the generation of those codes progressed as the interviews were being conducted. The figure also shows a linear trend, which is an attempt to demonstrate saturation. These codes form the basis of the research findings presented in this chapter, as well as the analysis thereof.

Figure 8: Codes generated during interviews



Source: Author's own calculations

The results are presented following the order of the research questions as presented in Chapter 3. These research questions were crafted such that they enabled the researcher to explore how TMT heterogeneity affects strategic decision making in a context where multiple diversity dimensions co-occur and to understand the impact of multiple and alternative perspectives generated by heterogeneous TMTs on decisions made in a VUCA world. The main research questions are shown in Table 1 alongside the interview questions used to generate the insights presented in this chapter.

Table 1: Main research questions and supporting interview questions

Main research questions	Number	Associated interview questions
In what ways does TMT heterogeneity affect the quality of strategic leadership decision making in official sector institutions?	1	What is your understanding of TMT heterogeneity and in what form does it exist in your organisation?
	2	How would you say this heterogeneity affects decisions made by the TMT relating to the strategic objectives of the organisation?
How do TMTs leverage their diverse demographic and/or socio-psychological characteristics to develop high quality strategic decision?	3	How does your TMT use its demographic and socio-cognitive characteristics to develop decisions? What are some of the practical things that they deliberately leverage?
How does the co-occurrence of multiple diversity dimensions moderate the relationship between TMT heterogeneity and strategic leadership decision making?	4	How does rank affect decision making?
	5	How do differences in opinion or positions about particular issues affect decision making?
	6	Do you often find that these types of diversity co-occur? And how do they affect decision making when they co-occur? Is this different to how they "normally" affect decision making?
How do multiple and alternative perspectives generated by diverse TMTs affect the process of decision making in a fast-paced business environment?	7	How would you say your organisation is affected by increased volatility, uncertainty, complexity and ambiguity in the environment in which it operates?
	8	In what ways does TMT heterogeneity affect decision making in times that exhibit VUCA world characteristics? What are the specific mechanisms or channels through which this happens?

5.2 TMT heterogeneity and the quality of strategic leadership decision making in official sector institutions

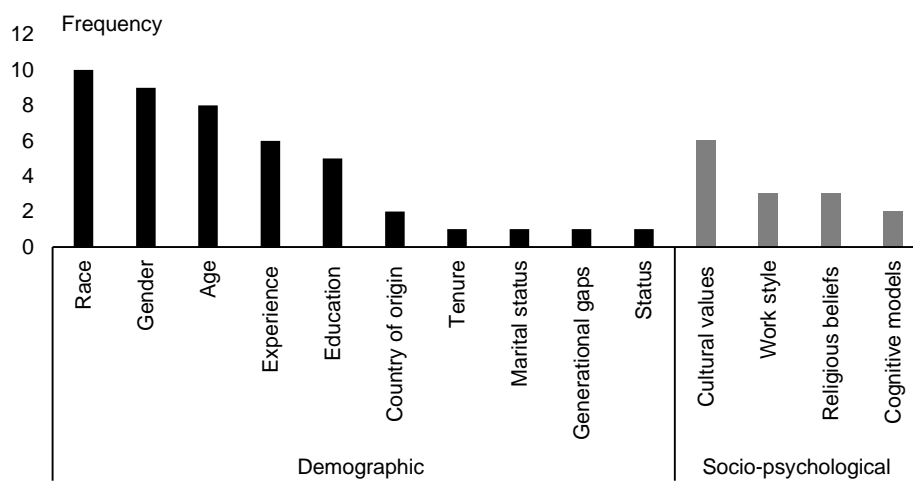
The aim of this question was to solicit the views of research participants regarding their understanding of TMT heterogeneity and their experience of how it exists in official sector institutions. Further, it sought to gather insights about the specific mechanisms or channels through which TMT heterogeneity affects the quality of decisions that have been entrusted with TMTs.

5.2.1 Understanding of TMT heterogeneity

The first sub-question linked to Research Question 1 dealt with interview participants' understanding of TMT heterogeneity and how they found it existed in official sector institutions for which they work. This question was asked to understand the depth of the participants' knowledge of diversity and its various dimensions, especially because non-academic literature tends to focus on the demographic aspect of diversity without necessarily exploring the socio-psychological dimension.

TMT heterogeneity is generally understood as referring to *within-unit* differences among TMT members. These differences can be of a demographic nature or of a socio-psychological nature, as noted earlier. All research participants demonstrated a similar understanding of the concept, noting that TMT heterogeneity refers to differences or a variation among TMT members. Other than the reference to “differences” or “variation”, no other definition of TMT heterogeneity was given. Instead, participants described the nature of these differences, which is thought to be in terms of TMT members’ demographic, social and/or psychological attributes. Figure 9 provides a frequency distribution of the main attributes that define TMT heterogeneity based on the views of all interview participants.

Figure 9: TMT member diversity attributes



Source: Author's own calculations

Collectively, there was a tendency among research participants to refer to demographic attributes and not so much to socio-psychological characteristics that generally encompass thought processes, feelings and behaviours. Of the 57 times that specific examples of diversity attributes were given, 75% referred to demographic features (particularly race, gender and age) and only 25% of the examples were socio-psychological features. Race and gender were believed to be the most visible and sought after forms of diversity in South Africa. One participant suggested that this was the case because race and gender diversity in South Africa is “often politically driven” or happens as a matter of compliance with laws that seek to promote race and gender equity in the workplace. Participants indicated that these laws are not prescriptive about equity in respect of other demographic characteristics or socio-psychological characteristics.

With regard to other demographic features, it was only upon being probed for other forms of diversity that exist in TMTs that interview participants mentioned other examples. Even in that case, they mostly referred to experience and education.

While TMT members may have different educational backgrounds and even think differently, one interview participant suggested that diversity in terms of education as well as from a cognitive perspective may be “paradoxically [...] harder to achieve”. This could be the case if TMT members come from similar types of universities that share similar philosophies or political views about how societies should be organised and/or run. This creates a common mould, which could imply some level of homogeneity in members’ cognitive abilities, even though their fields of study may be different.

The reference to age was used in an encompassing manner to not only refer to years, but also to a generational comparison. Most participants used age to refer to “young” and “old”. However, there was one participant who used age to refer to TMT members of different generations such as “baby boomers”, “Generation X” and “millennials”. Cognisant of the fact that age comparison and generational comparisons are different, with the latter encompassing specific beliefs and trends, a distinction was made between these two concepts, and age diversity and generational gaps were considered two different attributes.

Another interview participant alluded to tenure as a form of diversity. However, tenure was defined in general terms to refer to the number of years in a particular institution as opposed to being defined as a within-unit difference. In the latter case, tenure referred to the number of years that a person has been a member of the TMT.

5.2.2 TMT heterogeneity and strategic decision making

The second sub question that is linked to the first research question sought to gain insights about how interview participants believed TMT heterogeneity affects decision making. Participants generally viewed TMT heterogeneity in a positive light, suggesting that it affects decision making positively. Participants generally believed that “it can only be a good thing for decision making if [the TMT has] access to different views, which are stemming from different backgrounds”. Those who did not necessarily agree with this statement argued that TMT heterogeneity did not only have a positive influence on decision making, but that sometimes it could be double-edged. Two participants believed it could be an elusive concept depending

on whether it was enabled or that, in fact, TMT members were able to rely on their diverse backgrounds to generate ideas.

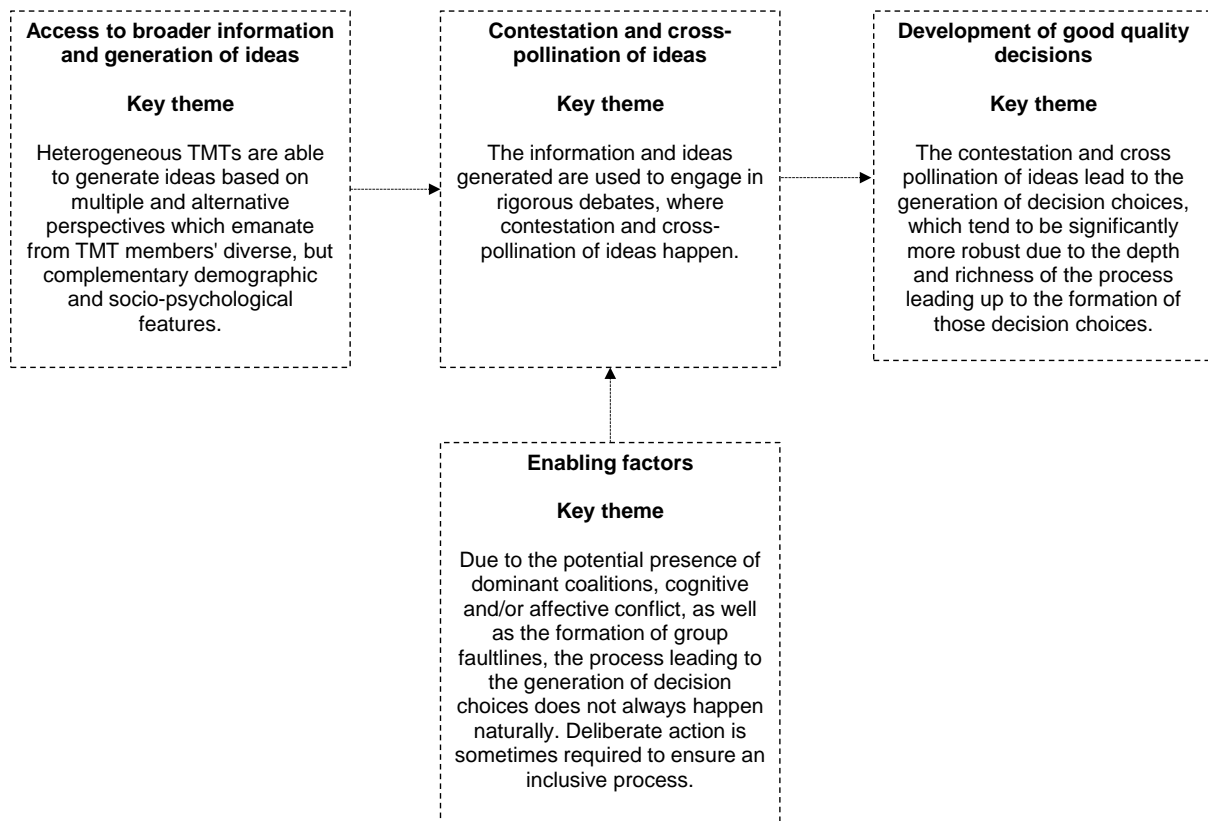
In both cases, it appears that much of the failures of diversity are not because participants believed heterogeneous TMTs are not able to generate better quality decisions. These participants rather believed that the generation of good quality decisions is not an automatic occurrence, but one that needs to be enabled. If dynamics within the TMT are not enabling, TMT heterogeneity tends to lead to conflict, which is often to the detriment of the quality of the decision. Referring to an example of a strategic project that was managed by a heterogeneous TMT but that failed nonetheless, one interview participant noted that “there are some very obvious [failures] that would have been prevented had a very fair and an open discussion been had prior the launch”.

This example illustrates that even though there was TMT heterogeneity, the fact that it was not enabled meant that its benefits could not accrue. It is, therefore, important to have an enabling culture that says, “Let’s open [the] floor for everybody to give their own opinion and probably identify things that we might have missed”. Otherwise, the TMT defaults to “a very autopilot mode, [where] even things that are wrong [...] start to look right, because that is how it has always been done”. It is only in contexts where diversity is truly embraced where one finds rigorous engagements that improve the quality of decisions. These different perspectives about how TMT heterogeneity affects decision making are explored in greater detail in the subsections that follow.

5.2.2.1 TMT heterogeneity from the information perspective

The most commonly identified way in which research participants believe TMT heterogeneity affects decision making is through access to, and utilisation of, multiple and alternative perspectives found in diverse TMTs. Heterogeneous TMTs are believed to have the ability to generate alternative perspectives based on mostly complementing diversity dimensions. This tends to aid the generation of ideas, thus enabling the development of good quality decisions. This process is summarised in Figure 10 below, which is a stylised depiction of various channels through which increased levels of information affect the quality of decisions made by heterogeneous TMTs.

Figure 10: Stylised depiction of how TMT heterogeneity affects decision making



Source: Author's own

Access to broader information and idea generation

The general view of interview participants was that having people who come from different backgrounds implies that within each individual there are certain predefined variables that feed into their thought processes and this naturally results in different ideas being generated by heterogeneous TMTs. When describing how access to increased levels of information and broader knowledge come about, participants specifically made attributions to diversity dimensions such as age, tenure, experience and education. Referring to tenure and experience, one interview participant noted that:

"... there were differences into how I saw things coming from a long stint at the private sector ..., compared with people who had been all their career in the same institution."

This added both to the quality and variety of the information at the disposal of the TMT. Another participant opined that:

“... some of us that were historically there [knew what] challenges [were experienced], and obviously getting newer people from different spectrums of the world, bringing different methodologies and maybe answering some of the challenges that we had [previously contributed more information to discussions]. From a technical perspective, people who had [practical experience of the work], who had been exposed to international [best practice] and had dealt with [issues] at a global scale vis-à-vis us who had been looking at issues from a domestic perspective [had more insights to contribute].”

The four aforementioned demographic characteristics of TMTs (age, tenure, experience and education) are believed to have specific benefits insofar as idea generation is concerned. Age heterogeneity (which sometimes is defined loosely as inclusive of generational gaps) is believed to benefit TMTs insofar as technology and modern ways of work are concerned. Tenure was strongly associated with historical information and institutional knowledge, while experience and education were associated with innovation. To the extent that innovation included some element of technology, age diversity was also believed to have benefits for innovation. Reflecting on age heterogeneity and specifically to older TMT members, one interview participant offered that:

“... [older team members] might give you guidelines [...] because they are very experienced in their environment, but when it comes to technology you might find them lacking a lot and that I think [...] creates a problem within a team when it comes to decision making, because most of older [TMT members] are not that advanced when it comes to technology.”

The participant continued to offer that:

“[TMTs] need [...] young people to come and [...] make that kind of a decision, because they are very strong on issues of technology and they know what kind of a system would be more efficient for the business.”

Heterogeneity in terms of functional experience and specialisation was also raised as being important insofar as helping to generate the information required to make strategic decisions that straddle multiple disciplines. One of the participants noted that:

“... it definitely helps to have [members from the various disciplines] in, in the sense that [their contribution] might be something small [... and while] it is not the solution to the problem yet, [...] it is a critical piece of information.”

Furthermore, when a decision requires input from different functional areas within the business, having representatives from those functional areas (which represent diversity in terms of functional experience) helps with a speedy generation of critical and complementary pieces of information.

Having multiple perspectives in official sector institutions

Creating a platform to access more information is considered even more important in official sector institutions as these institutions are tasked with delivering public policy. In policy environments such as those that they operate in, TMT members who are responsible for policymaking need “to be open to different ideas” and “need to [...] expose [those] ideas [relating to] policy to [as] many views as possible”. Interview participants believed it would be remiss to have a single or narrow view in a policy area as this could lead to policy errors that may cost an official institution’s credibility and/or reputation. An example of a policy error arose when one of the official sector institutions in South Africa published a policy statement without there being sufficient discussion of the policy stance. The statement was later retracted and the decision suspended with immediate effect, prompting questions in the media about the credibility of the issuing institution. Opining on this example, a participant noted that:

“... it ideally shouldn’t happen and if [there had been] enough policy [...] debate and enough airing [of] different ideas, [...] you would hopefully have [...] caught [the policy error] before [the policy statement was published].”

Official sector institutions further need to guard against groupthink. Groupthink has been one of the major criticisms of official sector institutions within the financial services sector in South Africa and abroad. In one of the interviews, a participant alluded to the global financial crisis as potentially having been caused by groupthink:

“Now if you want to think for instance of the global financial crisis [...] and why [were] some of the excesses tolerated that led eventually to the vulnerabilities [...] that created the crisis. Well, in part it was [...] because of a tendency of everybody in positions of responsibility to sort of think alike.”

Having TMT heterogeneity in official sector institutions and allowing it to thrive enables these institutions to absorb multiple and alternative views about policy issues and limit scope for groupthink to creep in. A comprehensive and near-exhaustive consideration of inputs such as is afforded when there are increased levels of information, which also reduce the risk of being caught in a position where there are glaring or obvious policy issues that TMT members might not have thought about. A participant maintained that:

“[...] from a strategic point of view, I think [allowing TMT heterogeneity to thrive] is about making sure that are you bringing different perspectives in decision making and thereby [...] avoiding groupthink.”

Drawing on broader knowledge base to develop decisions

The next step on the stylised depiction of how interview participants believe TMT heterogeneity affects decision making concerns a series of actions taken by TMT members to use the diverse set of information as a basis for developing high-quality decisions. Essentially, the information and ideas generated by heterogeneous TMTs are used to engage in rigorous discussions. It is during this phase that the contestation and cross-pollination of ideas take place. This process exposes TMT members to alternative and sometimes new ways of thinking. One interview participant highlighted that “if you get a different angle in, it can change something for you completely”. This made it even more important for TMT members to keep an open mind in discussions.

One of the key defining features of this stage is that the first proposal on the table is not simply accepted. There are many more questions that TMT members ask for clarity before a decision is made. Participants believed that questioning of proposals is enhanced by the presence of younger TMT members as the older generation “does not usually ask questions most of the time”. Engaging other TMT members’ views by way of asking questions or entering into rigorous debates prior to making a decision helps the team generate deeper understanding of decision choices and how those choices may affect various interest groups inside and outside of the organisation. When this happens, internal stakeholders find it easier to buy in because the strategy that is brought forth is all-encompassing, with a majority if not all TMT members finding their voice in what is being done or pursued. When diversity is truly embraced, TMT members’ views are respected and engaged and the ultimate decision becomes one that is all-encompassing, having considered the views and ideas presented.

However, participants maintained that drawing on a broader knowledge base to develop decisions does not always happen on its own and that deliberate action is sometimes required to ensure that the process is inclusive. One participant, for example, argued that:

“... it is not necessarily easy to achieve [...] consensus, [...] because people sometimes are not very tolerant of the other camp’s views.”

This issue arises because diversity among TMT members can lead to cognitive and affective conflict. TMT members can also create divides within the group on the basis of their demographic or socio-psychological characteristics. It is the formation of these group fault lines that tends to compromise the quality of the decision. Interview participants’ experience of the formation of divides within TMTs is that:

“... it could [result in] a situation where those alignments [...] create a majority and [whatever that majority prefers] would then [...] be the prevailing decision that is taken.”

Such decisions, it is maintained, are not always the best decisions because the motivation behind them is not always technically sound. Rather, decisions are based on dominance by those falling within the subgroup.

In the case of group fault lines, the majority of interview participants used tenure as an example. On this basis, the tendency is to say, “no, we have tried that before and it doesn’t work” or “we have always done it this way”. The group of TMT members who tends to do this, often the older generation, often questions the underlying assumption that multiple perspectives result in methods that are better than tried-and-tested ones. Meanwhile, those found disadvantaged by insisting on doing things as they have been done before argued that “doing things the old way” can become an entrenched culture that transcends any form of diversity. Participants further argued that it is often the case that TMT members who tend to practise this are higher-ranking officials within the TMT. This makes it challenging to contest or question their line of thinking or insistence on adopting particular ways of work that may have become obsolete or irrelevant. To illustrate this point, participants argued that:

“... people are less inclined to challenge what [the senior] has stated.”

“It is a question of [being] scared of authority ...”

“... people were not prepared to disagree with the more senior people and [...] the senior guys didn’t appreciate it if you disagreed with their views.”

“[Senior TMT members] were not really open to debate and discussion. So we sit with a bit of that legacy in a sense.”

This practice can detract from good quality decisions and can stifle an organisation’s ability to evolve and achieve its strategic objectives. Deliberate effort is, therefore, required to enable diversity to thrive and to guard against its unintended consequences. This refers specifically to taking deliberate steps to manage the issue of social categorisation as it appears to be at the centre of the affective conflict that undermines the benefits of having a heterogeneous TMT. It also refers to dealing with the issue of dominance. Managing these issues is a role that participants believe is best played by the most senior ranking official in charge of the TMT, which is explored in greater detail in later sections.

Development of good quality decisions

Interview participants did not necessarily define what “good quality decisions” are, nor was the question asked. One participant suggested that, under normal circumstances, a good quality decision is one that is “[able to] stand the test of time” and was not unduly subject to revisions. This required the TMT to be “able to identify all [potential] challenges by [relying on the] different skillsets and different exposures [of TMT members]”. The latter point was supported by another participant who argued that a bad quality decision “quite often [...] was [a] decision which [was] not well thought because [TMT members] were rushed and [...] were not prepared [or did] not [plan] for potential adverse scenarios or potential tail risks”.

These and other participants, as shown later, tended to focus on what a bad quality decision is. Three key features of a bad quality TMT decision were mentioned:

- Decisions that do not consider and/or anticipate adverse scenarios and tail risks adequately;
- Decisions that are a product of discussions that, within the context of heterogeneous TMTs, lack the richness and depth offered by alternative perspectives of other TMT members; and
- Decisions that are rushed and taken haphazardly, without giving due attention to the key aspects of the decision and the potential impact on stakeholders and the organisation.

In addition to there not being a common definition of what a good quality decision is, one participant argued that decision quality was a subjective concept that could not always be measured readily. Because TMTs often deal with strategic issues, the amount of time to benefit realisation tends to be long, which means that a longer period is required to assess the quality of a decision made by TMT members. As such, what could appear as a bad decision in the present could turn out to be a good decision in future due to the time-inconsistent nature of public policy decisions that results from the volatile and uncertain contexts within which some official sector institutions operate.

Notwithstanding that participants were not specific about what made a good quality decision, there was agreement that the combination of increased levels of information and the contestation and cross-pollination of ideas as discussed above do lead to the development of good quality decisions. For example, a participant noted during the interviews that:

“... if we are able to debate different ideas, that would definitely result in the most ideal decision and a landing point. So I think it is a benefit for the team dynamic and ultimately for the decision being made of different opinions.”

This suggests that the generation of ideas on its own is not enough. Those ideas need to be considered “in their entirety” for the benefit of improved decision choices. This was backed up by another participant who argued that to the extent that diversity leads to TMT members seeing things differently, it is those “different perspectives that should [...] better inform [decision making]”. Other illustrative quotes from the research interviews that spoke to how multiple perspectives of heterogeneous TMTs affect the quality of decisions include the following:

“... one thing that I have [...] come to understand or appreciate is that the quality of decisions that are made usually with a diverse team [...] tend to be [...] much more robust, because [those diverse teams] tend to get to a decision after some sort [...] of contestation of ideas, which I think that allows [the team] to refine whatever [...] strategic intervention or strategic issue that [they] are dealing with.”

“... bringing different perspectives in decision making and thereby sort of avoiding group think.”

“So at the end of the day when you take into account all those diverse views, you come to a decision that is all-encompassing, [...] unlike when decisions are just made from [...] only a particular group of people [...] with not much diversity. Then

you know your decisions and your discussions and your debates are not very rich, because [they are] coming from the same viewpoint.”

Where the broader knowledge base of a heterogeneous TMT was not considered entirely or in instances where members' views were disregarded or discounted, decision quality could be compromised. The issue of race and its association with language was given as an example to illustrate this point. In settings where English is the only acceptable medium of expression, TMT members whose first language is not English tend to have challenges with articulating themselves. One participant offered that:

“... sometimes you don't even have the right words to articulate why you think [a] point is so important, because [...] you need to convince the other person why you think this point is important and people sometimes don't have [the correct vocabulary]. They are not able to articulate and it generally does take time.”

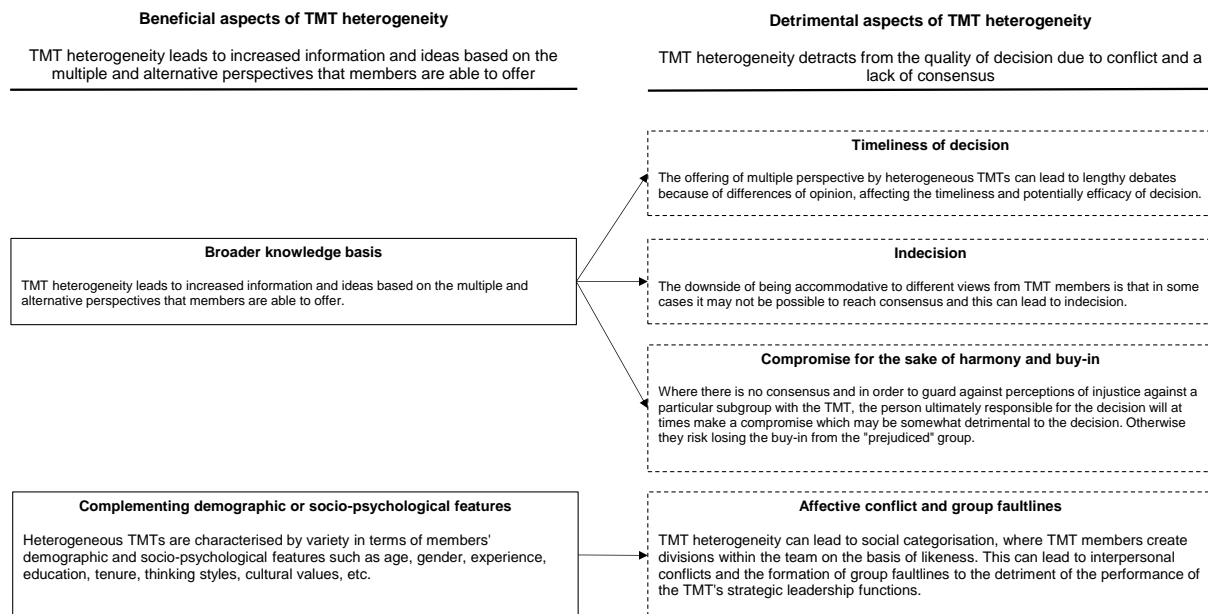
Another participant, also arguing the same point, added that:

“... if there is no one in the room that is able to pick up that point that was [...] not well [understood] or [was] presented meekly, then I think there may actually be a loss to the decision-making process, because [...] the opinion presented is actually valuable, but [...] it wasn't presented with sufficient strength to be considered and as such that may be a loss.”

5.2.2.2 TMT heterogeneity as a double-edged concept

While heterogeneity in TMTs is generally believed to be beneficial, there are specific contexts where it is not. This section discusses the views of interview participants on how they think heterogeneous TMTs can be harmful to decision making and the successful execution of other strategic leadership functions. Figure 11 summarises this concept before an extensive discussion is offered under the topic “dynamics of heterogeneous TMTs and the decision making-process”.

Figure 11: TMT heterogeneity as a double-edged concept



Source: Author's own

5.2.2.3 Enabling TMT diversity benefits

Interview participants believed that the benefits of having heterogeneous TMTs did not accrue on their own; they needed to be enabled. The preceding sections alluded to specific examples in which TMT heterogeneity can either detract from good quality decision or simply not lead to any meaningful changes in the quality of the decisions being made by heterogeneous TMTs.

One of the issues with diversity concerns the assumption about the automaticity of diversity benefits. That is, it is incorrect to assume that having heterogeneous TMTs is enough and that benefits will accrue automatically. Leaders have a responsibility to create an environment that allows benefits to accrue. For example, participants believed that leaders had a responsibility to “make it a safe environment for people to [...] express their viewpoints”. The existence of a culture of victimisation or perception thereof does not make it a safe environment for TMT members of social or psychological backgrounds who are classified or regarded as “inferior” to offer their perspectives openly, especially if their viewpoints differ from those of TMT members who are classified or regarded as “superior”. The following quotes capture the essence of interview participants’ views regarding the issue of a safe and enabling environment:

“... if I enter into [...] an environment that does not feel like it is enabling my diversity, uniqueness, then I won't bring that across.”

“... people are not always free to express their views, [because] for some reason [they] fear victimisation.”

“... you might find somebody who will be running in front who is very loud, but you will have a quiet person who might not want to say too much [...]. If you do not make sure that that person gets the opportunity to speak as well, you might actually miss a critical set of information ...”

“If we create a work environment and a culture that enables all employees to participate and thrive in, [then you will be inclusive].”

Participants believed that the presence of both cognitive and affective conflict, which appears to be an inherent part of diversity, needed to be managed actively to enable diversity to thrive. Specifically, there needs to be inclusion and organisations need to take actions that enable this to happen. One participant argued that “if we have got black females [they must be given] the right experience, [...] the right training to be able to elevate them to the right level where they are not just there for the show”. Otherwise TMT heterogeneity becomes an elusive concept that yields little to no benefits for the organisation. It merely becomes something that is done for show or as a matter of compliance with laws that require organisations to have diverse workforces.

5.3 Leveraging TMT heterogeneity

Non-academic studies on TMT heterogeneity tend to take a view that diversity improves firm performance. To some degree there is support for this even in academic research. In light of these findings that suggest that there are “obvious” benefits to having heterogeneous TMTs, this research question aimed to ascertain whether there was deliberate effort in organisations to leverage their diverse TMTs to the benefit of the organisation. Specifically, interview participants were asked to share their experiences of how TMTs leverage their diverse demographic and socio-psychological characteristics to develop high-quality strategic decisions.

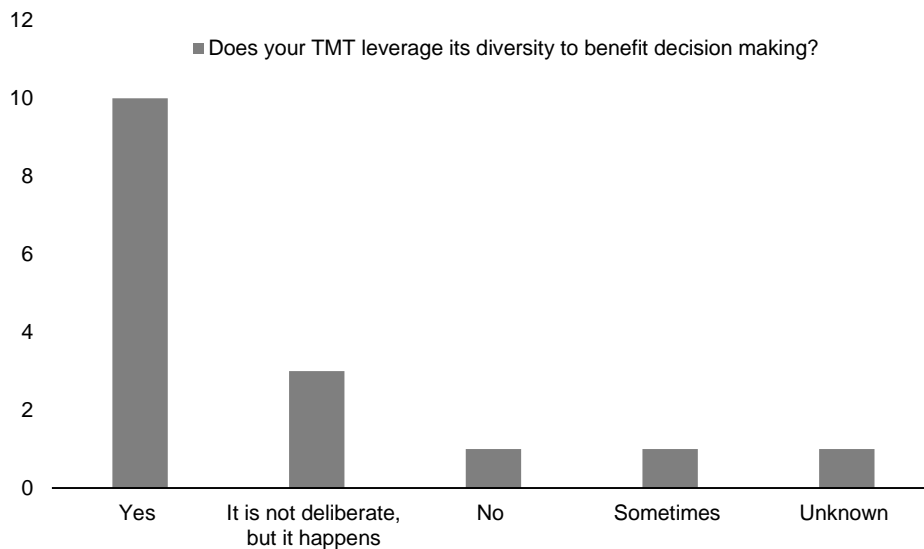
The majority of participants believed that TMTs do make an effort to leverage their diversity in order to improve the quality of the decisions they make. While in most cases this action is believed to be deliberate, there were three cases where participants indicated that leveraging TMT diversity happens either as a coincidence or “unconsciously”. These participants believed their teams were aware of the benefits of leveraging diversity, which largely concern the TMT’s

ability to come up with better and more informed decisions or strategic priorities. Only one participant suggested there is no deliberate effort to leverage diversity. This participant noted that:

“... in the current management team that we have I feel like aspects of diversification [...] are not [being leveraged] at all, and [...] I think [this] is maybe a big disadvantage for us and that is why certain things maybe never really get to where they need to get to.”

Interestingly, other participants from the same TMT as the participant who answered “no” did not agree with this view. They all believed that the TMT of which they are part does leverage its diversity. The responses of all interview participants are summarised in Figure 12 below.

Figure 12: Leveraging TMT heterogeneity



Source: Author's own calculations

The majority of participants argued that if TMT members work together and understand one another's strengths and weaknesses, it becomes almost natural for the team to rely on a member whose background, skill or experience is most suited to address a particular issue or an aspect of that issue. They further argued that it is difficult to not leverage certain aspects of diversity such as experience, education and cognitive models in specialised fields such as finance. An example is that the TMT needs to make decisions that involve some aspect of technology. One participant argued that:

“... you need [...] young [TMT members] to come and help you to make that kind of a decision, because they are very strong on issues of technology and they know what kind of a system would be more efficient for the business.”

This was evident even beyond the TMT in some cases. In addition to the example of technology, another participant added that:

“... in my experience [...] there is [...] a deliberate effort to canvass for views from [...] the lower echelons of the staff [outside of the TMT]. One or two people [from the lower echelons] would be nominated to participate in the strategic plan, and then they would present [their views to the] strategic planning team.”

Participants were also asked to share some of the practical things the TMTs they are part of do to leverage their diversity. One of the aspects mentioned is the formation of “fit-for-purpose” teams to deal with specific strategic projects. One participant’s response was that:

“I think the considerations around the formulation of the team [to deal with a strategic issue] would take into account the client needs primarily and then from that point determining what kind of a team is required to best serve the needs of this particular client, and that is where the team would then be derived from.”

The second example of how TMTs leverage their diversity is through probing and encouraging those with intricate knowledge of subjects to provide more and in-depth perspectives. This was quite similar to relying on TMT members with specialist knowledge. In this regard, a participant opined that:

“I might be the one who will bring it up, but I would expect [the best placed TMT member] to lead the discussion, lead the laying of argument, sharing an experience which [...] others will not have, but now the other people in a decision making body, a managerial body should still nonetheless have enough information on the topic to be able to ask the right questions.”

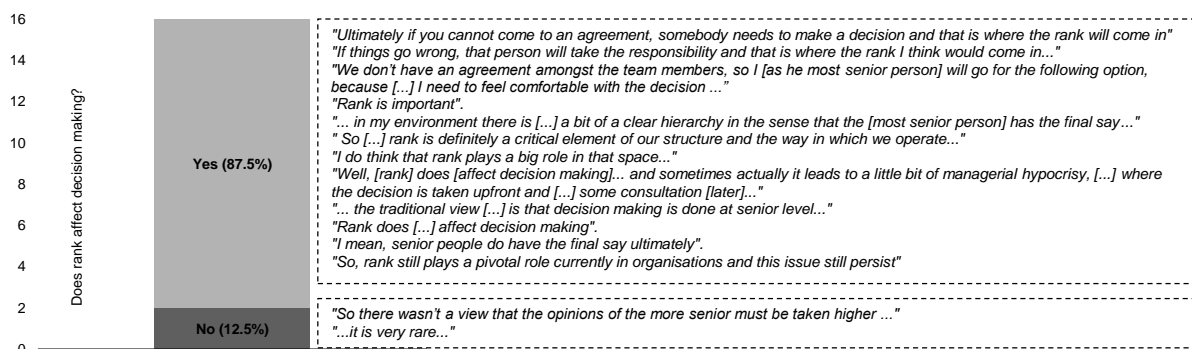
5.4 The moderating role of co-occurring diversity dimensions

The next set of questions intended to delve into the idea of the co-occurrence of multiple dimensions of diversity and how this potentially moderates the relationship between TMT heterogeneity and the execution of strategic leadership functions.

5.4.1 Rank and decision making

Figure 13 summarises the participants' views about the role of rank in decision making. In general, the majority of participants agreed that rank does affect decision making in official sector institutions, partly because these institutions are hierarchal by design. This makes rank a critical element of the structure of these institutions and defines the way they operate. Only two participants disagreed with this view, arguing that it was very rare to find rank playing a role in decision making as opinions of higher-ranking TMT members did not necessarily enjoy preference over other TMT members' views.

Figure 13: Interview participants' views about the role of rank in decision making



Source: Author's own calculation

While participants generally agreed that rank affects decision making, they did not share similar views about how it affects decision making. Some argued that it leads to suboptimal decisions because some TMT members tend to abuse their rank, while others argued that rank offers a solution to some of the dysfunctionalities (such as indecision and lack of consensus) that may exist in heterogeneous TMTs. Participants identified four behaviours through which rank affects decision making:

- Resolving disagreements or indecision;
- Exercising veto power;
- Assuming accountability for the ultimate decision; and
- Demeanour of high-ranking TMT members.

Resolving disagreements and/or indecision

According to the views of participants, one of the disadvantages of having multiple perspectives in a TMT is that sometimes teams can struggle to reach consensus or make decisions. This issue was explored in greater detail in the preceding sections. In such instances where there is indecision or the TMT is not able to reach consensus or agree on strategic direction, the most senior TMT member would use their wisdom and discernment to resolve the issue. This process involves conducting a synthesis of alternatives presented and providing a course of action. The highest ranking TMT member (i.e. the head of the TMT) is assumed to have greater wisdom and knowledge about what is in the best interest of the organisation. They are, therefore, assumed to be better placed to discern decision choices that will best serve the interest of the organisation from those that will not and, on that basis, come up with the ultimate decision.

To substantiate this point, participants noted the following during the interviews:

“Ultimately if [the TMT] cannot come to an agreement, somebody needs to make a decision and that is where the rank will come in” [and it is the role of the highest ranking TMT member to say] “so I have heard everything. We need to make a call on this, we are going to do the following.”

[For a leader to be able to do this, they] “... need to have the discernment and the wisdom to always bear in mind that what is in the greater good of the team.”

“So as [they] take on these different views, [they] need to say which ones actually enriched [the discussion] and which one will work [for] the greater good of the team and of the organisation.”

Intervention of the manner described above can help with the efficacy of the decision, especially if it puts an end to drawn-out TMT discussions that often compromise the timeliness of the decision. One participant noted that “people probably leave the room thinking the most senior person in the room has the most experience, therefore if he is okay, that was probably the right decision to have made”. Another opined that “I would think... there will be cases where [the head of the TMT] might not make the optimal decision”.

Exercising veto power

Others likened this to the exercise of veto power. One participant noted that when there is disagreement, “there will be this ultimate person, [...] who can veto all the decisions based on [what they deem appropriate]”. This, it was argued, sometimes occurs even when there is no indecision, in which case it constitutes an undue exercise of power. Another participant argued that rank “does matter for decision making, because [...] you tend to debate an issue [endlessly], but usually [...] there is one person who [can sway the direction of the decision], so there is [...] some sort of veto power [being exercised]”.

Assuming responsibility and accountability for the ultimate decision

While decisions of TMTs are collective decisions, accountability tends to lie with one member of the TMT, namely the head. Participants argued during the interviews that if things go wrong with a decision that was taken by the TMT, the head of the TMT will take the responsibility. As such, heads of TMTs tend to assume responsibility for taking the ultimate decision, especially when there is no consensus or there is indecision. When TMT members cannot agree, it is the responsibility of the head of the TMT to say, “I will go for the following option, because at the end of the day I need to feel comfortable with the decision that has been made”.

This issue of the head of the TMT on occasion being held solely accountable for the decision of their team can sometimes lead to managerial hypocrisy. This is where “a decision is taken upfront” by the head of the TMT and then consultation with the rest of the team happen as a tick-box exercise. The hypocritical thing about this behaviour is, firstly, that the consultation with the TMT does not necessarily inform the ultimate decision and, secondly, the TMT is said to have “bought into the decision”. This issue does not only affect the TMT, but also happens to other levels of management. Describing the phenomenon, one participant highlighted that this “is where intermediate management for instance will be told to sell [...] decisions to the lower ranks, even though they didn’t really have a part in it”.

Demeanour of high-ranking TMT members

The hierarchical nature of official sector institutions implies that rank is important. TMT members’ views as reflected in Figure 13 corroborate this view. The importance of rank in these institutions becomes evident in some TMT settings, where members are made to feel

where the power lies. Sometimes this can “deter [other TMT members] in the future from airing their views openly”. The demeanours of the head of the TMT and other senior members of the TMT play an important role in this issue. The behaviour of these officials can validate, invalidate or humiliate the views of those considered “outsiders” on the basis of either their demographic or socio-psychological features.

5.4.2 Dynamics of heterogeneous TMTs and the decision-making process

A defining feature of heterogeneous TMTs is their ability to generate multiple and alternative perspectives. Part of the research was dedicated to gathering insights about how this dynamic affects the decision-making process and, ultimately, the efficacy of decisions. Participants identified two main issues that arise in heterogeneous TMT settings. The first is that having multiple perspectives can result in broad discussions that derail the effectiveness of the decision. The second issue identified related to the timeliness of TMT decisions. If these two dynamics are not managed properly, participants argued that they can have an adverse impact on the decision-making process, including on the quality of the ultimate decision taken by the TMT. These findings are explored below.

Extensiveness of TMT discussions and timeliness of decisions

Earlier sections alluded to the point that information and ideas generated by heterogeneous TMTs are used to engage in rigorous discussions, where there is a contestation and cross-pollination of ideas. This process exposes TMT members to alternative and sometimes new ways of thinking. Interview participants indicated that one of the defining features of TMT debates is that the first proposal on the table is not simply accepted. There are many more questions that TMT members ask for clarity before a decision is made.

However, sometimes there are downsides to having extensive discussions about the different perspectives of TMT members. Interview participants believed that extensive discussions can sometimes derail the effectiveness of the decision because the discussions can become too broad and abstract. The following quotes from some of the interviews illustrate the point:

“We have a lot of discussions and it becomes a very broad kind of discussion [and] you walk out of the meeting and people are like ‘Okay, so [...] what conclusion did we reach? [...] Where are we going with this?’... which is very inefficient.”

“... on occasion [...] I have seen that you can go around in circles forever and you have to stop a person, to say, “Look, this point we are not going to discuss [this] anymore.”

However, this does not imply that having multiple perspectives leads to a lack of consensus. Heterogeneous TMTs can reach consensus quite easily on some issues, whereas this may become harder on other issues. The lack of consensus can arise because TMT members do not share the same sentiment about an issue, which can cause them to be intolerant of the other camp's views.

To the extent that it results in a lack of consensus, TMT heterogeneity can slow down the process leading up to decision making as members have to explain and garner support for their perspectives. At worst, this can have an adverse impact on the timeliness and efficacy of the decision. A participant noted that:

“... diversity does slow things down. Why? Because you need to explain your perspective, you need to motivate, you need to bring across your point to a certain level that you are able to convince the other person.”

Another participant added that:

“... if [TMT members] have respect for the diverse opinions, you might find that [...] the debates might be longer.”

Other quotes from the interviews that substantiate the point on timeliness are reflected below:

“I have seen a slight clash to some degree [...], where [these clashes] result in [...] a delay in the conclusion of [...] a decision, but not necessarily to the detriment of the decision, but maybe more to the timeliness of it, but not necessarily to the quality of the decision.”

“We have had some discussions that went on very long because of differences of opinion ... I think the impact that you see is in terms of time, even it sometimes take a long time and sometimes even you have to reschedule and revisit [the discussion], think about it again, come back again, because there is no clear direction after one or two sessions. So it can definitely affect the time that it takes to make a decision.”

“So sometimes you don’t even have the right words to articulate why you think this point is so important [...] and it generally does take time.”

Managing the dynamics of heterogeneous TMTs

These downsides can be mitigated through intervention by the head of the TMT. The role of the chairperson or head of the TMT would be breaking the deadlock and, relying on their wisdom and discernment, offering direction to the team:

“... without a strong or... I don’t think the word ‘strong’ [is the correct one], but without a good Chair who guides the decisions and the meetings, it can become very meaningless, you know it just becomes a discussion and the quality of the conversations become poor.”

“[The interaction] can become too broad and that is when you need a Chair or someone who guides it properly.”

“[Sometimes you need a leader to] put [their] foot down and say, ‘Okay, guys, this is the direction that we are going. I have heard all the views’ ... [otherwise] we can talk around in circles.”

“You know, the quality of the decision again comes down to [...] the ability of the Chair to keep the people [and] the discussion focused on the point at hand and without it going off [on a tangent]. Where there is something that really detracts the conversation, that [issue] is recognised by the Chair and that point is perhaps side pocketed.”

“What I can also add, [is] ... it comes back to sort of the leadership of your [head of department] or whoever is in charge of the management team. So if that person... let’s say there [are] different views [...] a strong leader would persuade the others then and say, ‘Well, [...] I agree with this view, I think we should go with that’, and depending on how strong that leader is, the others would then [...] conform.”

“... there are times when ultimately the boss would have to make [...] a call, because the meeting cannot [...] agree on certain things.”

“... it doesn't happen that often, [but there are times where we] have different views and they are difficult to reconcile. At that point [...] the boss would have the capacity [to offer direction].”

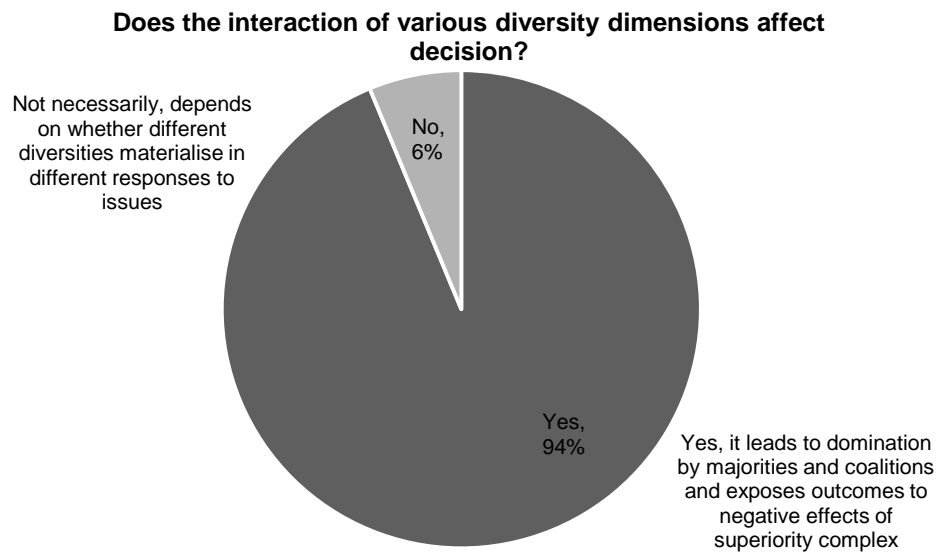
Some interview participants argued that having this kind of intervention can help with the efficacy of the decision.

5.4.3 Co-occurrence of TMT heterogeneity dimensions

Considering that TMT heterogeneity exists in many ways – as variety, separation and disparity – their co-occurrence can have joint outcomes insofar as the execution of strategic leadership functions is concerned. That is, there may be interaction effects among these dimensions of diversity that could possibly moderate how heterogeneity affects decision making. One of the interview questions sought to explore this, and interview participants were asked to share their views and experiences on how the interaction or co-occurrence of different diversity dimensions affects decision making.

From their responses, it was quite clear that the co-occurrence of different dimensions of diversity does influence outcomes. More than 90% of interview participants who shared their view or experience on the matter suggested that the interaction of different diversity dimensions often led to unjust domination by coalitions or the majority, as well as subjected outcomes to the negative effects of having a superiority complex. Often, this was to the detriment of the decision-making process and decision efficacy. Those participants who had a dissimilar view maintained that it was not always obvious that the co-occurrence of various diversity dimensions has a negative impact on the performance of strategic leadership functions, including decision making. The outcome of the interviews and the main themes that emerged are summarised in Figure 14 below.

Figure 14: Interview participants' views about interaction effects of different diversity dimensions



Source: Author's own calculations

5.5 TMT heterogeneity and decision making in fast-paced environments

In recognition of the fact that the operating environment for most businesses has evolved over the years, becoming more complex and uncertain, the last two interview questions sought to ascertain whether interview participants thought this change affected decision making. The first question aimed to gather views about the process and/or manner of decision making in a VUCA world, while the second question intended to explore how TMT heterogeneity worked in a VUCA context.

5.5.1 Decision making in a VUCA world

In the first question, participants were asked to share their views about how they thought increased VUCA elements in the environment in which their organisations operate affected decision making. This question was further motivated by suggestions in literature that the pattern of decision making under the so-called VUCA world needed to adapt, shifting away from the conditioned-type response to a more interactive one. Figure 15 provides a summary of interview participants' view regarding this subject. The discussions pointed to four key themes:

VUCA have brought about changes in the environment of business

Participants generally agreed that there has been considerable change in the environment within which their organisations operate. Some suggested that the rapid change is still ongoing and it is likely that this rate of change is going to be a feature that defines the operating environment for businesses over “the next ten years”. One participant indicated that there are nonetheless those who question the realness of this change, arguing that it could possibly be a contemporary fad. This doubt influenced how they thought about adapting their business practices to accommodate the “realities” of the VUCA world. The view that changes to the business were a temporary fad was, however, not a widely shared view.

Organisations need to act swiftly in order to survive

The fast-paced nature of the environment is believed to be fostering a culture of the “survival of the fittest” and, therefore, required organisations to act swiftly. One participant noted that as an organisation, “you cannot lag behind”. Thus, in order to survive, organisations need to make decisions quickly. Participants highlighted that “sometimes decisions need to be made in the spur of the moment” and “sometimes [...] with incomplete information” because there is not enough time. Another participant added that the environment requires “us to think on our feet, to make quick decisions without even consulting properly”. This view was corroborated by another participant who added that “a lot of the decisions which were taken [...] looked quite haphazard [and] led indeed to a lot of [...] conspiracy theories or suspicions: ‘why are they doing that, what are they trying to achieve?’”.

Figure 15: Interview participants' views about decision making in a VUCA world



Source: Author's own

Organisations need to embrace flexibility in their decision-making processes

Participants maintained that the dynamics of the environment required leaders to let go of traditional and often rigid models of decision making. One of the main changes to the traditional way of making decisions is that decision makers neither have the luxury of relying on a complete set of information that they normally rely on to make decisions nor do they have the luxury of time. Under “normal circumstances”, the process of decision making in official sector institutions is a carefully thought-out process that entails getting a set of facts, deliberating on the basis of those facts, and then making a decision. In a VUCA world where change occurs at a rapid pace and where volatility and uncertainty characterise the operating environment, it is near impossible to rely on the same set of information to make a decision. The rate of demand for information tends to outpace the speed with which that information can be made available, requiring decision makers to improvise.

TMT decisions cannot be “cast in stone”

Making decisions on the basis of incomplete information and without the luxury of time that allows for rigorous debates of decision choices is akin to “making policy in the dark”. The degree of confidence in the robustness of those decisions is less than what is otherwise the case under “normal circumstances” and, as such, those decisions made in a VUCA world cannot be cast in stone. TMT members need to keep an open mind about their decisions and should be prepared to make different decisions on the same matter as more information becomes available, which may necessitate a change in the initial stance. Participants highlighted that the environment “requires of the senior management team [...] willingness to revisit decisions when [...] more information [becomes available]”.

Upon reassessment, it was possible that the decision “... could be a completely different decision to what was made earlier”. The COVID-19 crisis was used as an example of a period during which TMTs have had to make policy decisions under pressured conditions. “You know, currently we don’t even know that the decisions [...] we are making [...] are correct decisions. You know, [the environment] being very difficult [...], because [it is] very, very, very volatile”.

5.5.2 TMT heterogeneity and strategic decision making in a VUCA world

Considering the demands of the operating environment just described, the next question sought to determine the value or otherwise of having heterogeneous TMTs in organisations that operate in disruptive and fast-paced environments. Specifically, interview participants were asked to share their views and experiences about how multiple and alternative perspectives generated by heterogeneous TMTs affect the process of decision making in a fast-paced business environment.

In an earlier section of this chapter it was noted that the most commonly identified way in which TMT heterogeneity affects decision making is through access to, and utilisation of, multiple and alternative perspectives found in diverse TMTs. Insights gleaned from interview participants suggested that heterogeneous TMTs have the ability to generate alternative perspectives based on mostly complementing diversity dimensions. This tends to increase the levels of information at the disposal of the TMT and supports the generation of ideas, thus enabling the development of good quality decisions. In a VUCA world, as is described in the preceding question, participants emphasised that one of the biggest challenges for businesses is having to make decisions on the basis of incomplete information. Having heterogeneous TMTs, therefore, appears to complement the information needs of TMTs responsible for making strategic decisions. Evidence from the interviews corroborates this view.

Generally, participants were of the view that having heterogeneous TMTs is “a lot more important” when operating in a VUCA world. One interview participant noted that:

“... it is even more important [to have heterogeneity in TMTs], because again the last thing that you want in an environment like this, where there is a lot of uncertainty and complexity, is to have groupthink, because [...] you can be wrong and [...] you don't want to be perfectly wrong. So in a way I think this idea [...] of having diversity and the contestation of ideas and different perspectives [...] tends to moderate [extremism in decision choices] and usually when you are [...] not in the extremes, even when you are wrong, [...] you are not too wrong. [However], if you think [about] extreme views, [...] which [is an outcome of groupthink and tends to happen when there is homogeneity], then you can be [...] agreeing on something that is completely wrong, because [with groupthink] you can be a hundred percent correct, but you can also be a hundred percent wrong, which I don't think either of them is a [...] good place to be.”

Acknowledging the risk that decisions made with incomplete information can be incorrect, participants underscored the risks of groupthink and adoption of extreme views, which may lead to policy errors. To this end, they considered it prudent to have diversity. Specifically, participants noted that:

“... diversity allows the consideration of different opinions, but this has to happen [...] speedily and I think that [...] there are certain elements of diversity that may not have a voice in such situations ... in times of uncertainty and ambiguity and turmoil [...] there may not always be time to hear everyone and hear the different views, so it is a survival of the fittest in the sense that ‘who has something valuable to say’, ‘who is able to present it with impact in the shortest possible time in order to aid the issue at hand [or] finalise the decision’, etcetera.”

“I think I still want to tap into diversity. In [situations] like [the VUCA world], organising your team in ways that are diverse, [...] gets you to resolve problems with more speed and with ease. That is simply tapping into local equity in terms of human resources, hence I am saying that it is important for senior management to come up with these diverse teams [...]. All those [diverse TMT members] need to be put together [...] and be confronted with a problem. [Such a diverse team] can anticipate how the problem will evolve and how it will affect their space, but also [having heterogeneity allows them to have a broader perspective] and then come up with a solution to solve emerging problems. So I think that diversity in that way can be something that management can leverage on.”

“So there the diversity will be helpful, [...] because a person who is hypersensitive to potential changes would say, ‘Well, you cannot ignore that’ and the more conservative person would say, ‘Yes, I agree, but we cannot put... we cannot also ignore what all our traditional business has been’.”

In the first two examples, TMT heterogeneity, through its ability to generate increased levels of information and ideas, is believed to provide supplementary and complementary information that, as has been identified, is a challenge when operating in fast-paced environments. However, the issue of swift action is also highlighted, with respondents noting that the consideration of ideas and different perspectives needs to happen speedily. This reinforces the assertion made in earlier sections that TMTs need to be agile in their decision making.

In the last example that alluded to the interplay of views of those who are hypersensitive to change and those who are more conservative, TMT heterogeneity is believed to be helpful

insofar as narrowing the margin of error in decisions made by TMTs. The main point here is that decision making in a VUCA world does not necessarily render traditional business practices obsolete. Rather, it requires the pattern of decision making to change. This was alluded to earlier, with one of the interview participants noting that decision making in a VUCA world requires “leaders to look at things in a more flexible way [and] not have to depend on rigid models of decision making”.

Chapter 6 – Discussion of research findings

6.1 Introduction

This chapter discusses the findings presented in Chapter 5 and compares the findings to existing literature about how TMT heterogeneity affects decision making. While the findings of this research are compared and contrasted with sometimes generalised findings or theory about the relationship between the two central phenomena of this research, the present study was considered in a specific context. It explored the relationship between TMT heterogeneity and strategic decision making of official sector institutions operating in the financial services industry. Furthermore, while part of the literature focuses on the impact of TMT heterogeneity on firm performance, this study specifically considers strategic decision making as a proximal outcome construct.

The ensuing discussion follows the order of the research questions presented in Chapter 3 and seeks to provide answers to those questions based on the findings from the research interviews. It further seeks to provide cumulative insights over and above what is already available in the current literature. These insights apply to the context just described. Moreover, these insights seek to provide an additional perspective to the otherwise singular view adopted by business researchers when studying the effects heterogeneity in the workplace. This additional perspective considers how the co-occurrence of multiple diversity dimensions moderates the effects of variety in TMTs.

6.2 TMT heterogeneity and quality of decision making in official sector institutions

6.2.1 Nature and form of heterogeneity in TMTs

As a point of departure, the literature reviewed in Chapter 2 emphasised the importance of being specific about the nature and extent of the heterogeneity that exists in TMTs. This is in addition to there being enough clarity about the researcher's own characterisation of heterogeneity. Clarity regarding the nature and extent of the heterogeneity that exists in TMTs is important because the conceptualisation of TMT heterogeneity has been found to have implications for research findings and theory building. Specifically, by not being explicit about the form and distribution pattern of diversity in a group, researchers run the risk of coming up with inconsistent outcomes that do not add to the existing body of knowledge, which itself is already fraught with recurring, but non-cumulative findings.

In this study, the researcher's notion of heterogeneity was captured in the diversity typology presented in Chapter 2 as being multidimensional. The typology shows three different types of diversity, its two dimensions, and how strategic leadership attributes are classified according to these types and dimensions. The typology further shows the variation along a continuum. Research participants were required to be explicit about the form of diversity that existed in their TMTs. One of the observations in this regard was the tendency for participants to focus more on the demographic rather than socio-psychological attributes of their fellow TMT members. This was not unexpected as both business and academic research tends to emphasise this form of diversity. Nonetheless, participants were prompted to think beyond demographic characteristics to ensure that views expressed about how TMT heterogeneity affects strategic decision making were based on a comprehensive view and definition of diversity.

While research participants were not explicitly asked about the amount of diversity that existed in their teams, some alluded to this. In their responses, these participants referred to the impact of differing amounts of diversity on the behaviour, interactions and outcomes of TMTs. Specifically, it appeared from the research findings that when there is no maximum diversity in the form described in Chapter 2 (see diversity typology), the relationship between TMT heterogeneity and strategic decision making is moderated by the behaviour of some TMT members. This finding addresses one of the key considerations of this research regarding the moderating role of TMT behaviours. Specifically, the absence of maximum heterogeneity was believed to result in a presence of "majorities", which is something that does not lead to the realisation of benefits associated with TMT heterogeneity. An example of gender diversity can be used to illustrate this point. When the gender distribution of TMT members is skewed, it creates a risk of dominance or leads to a disregard of the opinions and views of the group who has less representation.

Official sector institutions in South Africa come from a history of white male dominance and while effort has been made to introduce diversity by adding females and black people, this has not been to a level that can be regarded as perfect or maximum heterogeneity. This research found views that in settings where males (black and/or white) formed a majority of the TMT, there was a tendency for them to disregard the views of their female counterparts. The lesser female representation there is, the more their views will be disregarded. In order for their views to be considered, females have to be in a powerful position, be present in similar proportions than their male counterparts, or align their views to those of their male counterparts. Disregarding the views of TMT members whose diversity characteristics exist in

marginal terms is believed to reduce the benefits of diversity, thereby moderating its relationship with TMT performance.

This finding supports the view expressed by Harrison and Klein (2007), Nielsen (2010), Hambrick *et al.* (2015) and Yoon *et al.* (2016) that differences in the distribution and compositional patterns of TMT attributes have an impact on research findings, as well as implications for theory building. In the current example, the findings of this research do not dispute that having heterogeneity leads to increased information and information-processing capacity. However, what is argued is that when this heterogeneity exists in a disproportionate manner, it causes behaviours that moderate the positive influence that TMT heterogeneity generally has on TMT performance. But how does TMT heterogeneity affect decision making?

6.2.2 The impact of TMT heterogeneity on strategic decision making

This main channel through which TMT heterogeneity affects strategic decision making is access to broader information and idea generation; both of which are enhanced by the diverse and complementary backgrounds of diverse TMT members. This view of the relationship between the two phenomena is premised on the fact that having people with different backgrounds implies that each individual relies on certain predefined variables that feed into their thought processes, naturally resulting in multiple perspectives being applied to deliberations of strategic matters. Specifically, it was clear from the findings that the information and ideas generated by heterogeneous TMTs are used to engage in rigorous debates, where a contestation and cross-pollination of ideas happen.

The reference to increased levels of information and idea generation found in this research can be linked directly to the information perspective of the relationship between TMT heterogeneity and organisation performance. This perspective stresses the role of a broader knowledge base and multiple and alternative perspectives in idea generation, which ultimately lead to good quality decisions, choices and actions. In fact, the findings can be compared with Gschmack *et al.* (2017) and Kamalnath's (2018) recent studies that explain the influence of TMT heterogeneity on strategic decision making. These authors have similar findings, namely that TMTs draw on their knowledge and exchange information through dialogue in order to arrive at their decisions. Gschmack *et al.* (2017) found that the processing of information by TMTs happens through a *more* interactive dialogue. This compares well with the findings of this research, in terms of which participants highlighted that pursuant to multiple perspectives being presented, TMT members engage these views by asking questions and entering into

rigorous debates in order to gain more understanding of their decision choices. These debates enable a deeper understanding of the risks, benefits and efficacy of various decision choices, thus leading to improved decisions.

Another important finding, which is particularly relevant for official sector institutions, relates to groupthink. This research shows that having heterogeneity in TMTs limits the scope for groupthink to creep in. This happens when TMT members engage in a comprehensive and near-exhaustive consideration of one another's inputs and use these alternative inputs to challenge dominant views. The supposition by research participants that TMT heterogeneity remedies groupthink is in line with Kamalnath's (2018) finding, who found evidence to the effect that information exchange and dialogue among TMT members do indeed assuage groupthink.

Groupthink is considered especially important for official sector institutions, which are entrusted with public policy. Groupthink in these institutions arises because in their decision-making processes, policymakers are sometimes subject to decision rules that, if followed mechanistically, put decision efficacy at risk (Maier, 2011). By having multiple and alternative perspectives and allowing these perspectives to thrive, chances of succumbing to groupthink can be minimised. However, for these benefits to realise, TMT heterogeneity must not be tokenistic as this either leads to a disregard of views or a loss of independence in TMT members' opinions (Kamalnath, 2018).

The tokenisation of diversity in TMTs was found to have a moderating effect on the benefits of TMT heterogeneity. The findings suggest that tokenisation arises because certain institutions do not diversify their TMT so as to realise its benefits, but do so as a matter of compliance with laws governing equity in the workplace. When this happens, views and opinions of "token" TMT members or those members who represent "inferior" or minority characteristics of diversity are either devoid of independence or do not get considered at all.

By and large, this issue of tokenism speaks to the moderating role of TMT behaviour, as well as to issues of enablement. Unless all TMT members are empowered to express their views independently, they are merely considered to be tokens. In such cases where diversity is not enabled, either by empowering minorities or creating a safe environment for them to engage meaningfully, it is likely that diversity will amount to no more than tokenism that adds no value to group decision making.

Besides tokenisation, there are other TMT dynamics that diminish the value of TMT heterogeneity. It was found from the research conducted that the presence of dominant

coalitions, biases, cognitive and/or affective conflict, as well as the formation of group fault lines, result in outcomes that are detrimental to effective decision making by TMTs. Dominance, bias and interpersonal conflict represent TMT behaviours that, as this research found, moderate the effects of TMT heterogeneity. The findings show that when there are group fault lines resulting in the TMT splitting into at least two subgroups, these subgroups are sometimes not tolerant of the other camp's views. To the extent that this intolerance results in a lack of consensus with the team, TMT heterogeneity can cause slow decision making. At worst, these delays can affect the efficacy of the decision.

The findings that the presence of dominant coalitions and cognitive and affective conflicts detracts from an interactive dialogue that yields better quality decision can be linked to the second perspective of how TMT heterogeneity affects strategic decision making. This is the social-categorisation perspective according to which the creation of hypothetical divides on the basis of their demographic and socio-psychological attributes is harmful to team integration. This perspective views TMT heterogeneity as having a negative impact on TMT performance largely due to the conflict it creates among TMT members, which eventually affects performance (Samimi *et al.*, 2020).

The practical implication of this finding is that in order to realise the purported benefits of heterogeneity in TMTs, focus should not only be on having different demographic or socio-psychological characteristics among TMT members, but also on the distribution patterns of these characteristics. Diversity must exist in a form such that even if TMT members were to form hypothetical divides on the basis of their likeness, the resulting subgroups would not result in majorities or dominance over others. The specific issue of number of women or, more generally, number of minorities, requires attention. Kamalnath (2018) found that "for diverse candidates to be able to contribute and make a difference ..., such diverse candidates should have a 'critical mass'" (p.105). This critical mass refers to the amount of a specific form of diversity that exists in a TMT. That amount has to be such that the minority does not experience the effects of marginalisation.

6.2.3 Enabling TMT heterogeneity to limit the downside risk associated with social categorisation

The findings of this research further emphasise the concept of automaticity, which suggests that diversity benefits are not realised on their own – they need to be enabled. Besides being hindered by the effects of social categorisation, the process leading to the generation of

decision choices does not always happen naturally and without hiccups. This research maintains that a deliberate effort is required to create an enabling environment and ensure an inclusive process. This suggests that there are specific actions that need to be taken and that specific behaviours of TMT members are required to enable diversity and minimise or neutralise the effects of social categorisation. The idea that TMT member behaviour facilitates or restricts the information-processing capacity of the TMT parallels the findings of Michie *et al.* (2017) and Samimi *et al.* (2020), namely that behaviours of the TMT do in fact moderate the effective use of TMT heterogeneity to the benefit of organisational outcomes.

What is clear from the findings of this research and which is consistent with existing literature is that the social-categorisation perspective of TMT heterogeneity produces negative outcomes for team performance. However, beyond what is available in literature, the findings of this research allude to some mitigating action that can be taken to neutralise the harmful effects of social categorisation. This can be achieved through intervention by the “head of the TMT”. Essentially, the head of the TMT leverages their wisdom and discernment to break indecision or the deadlock that may arise due to a lack of consensus among the various camps within the TMT. The ability of the head of the TMT to neutralise the harmful effects of social categorisation is premised on a number of assumptions:

- The head of the TMT is not part of any of the “hypothetical divides” in the TMT;
- The head of the TMT is able to rally the camps within the TMT towards the “bigger picture”, such that these camps are willing to forgo their differences for the greater good of the organisation; and
- TMT members subscribe to the strategic objective(s) of the organisation, such that they are amenable to forgoing their personal interests that cause affective conflict in the team.

There is evidence in literature that backs the efficacy of the second assumption. In Michie *et al.* (2017), it was found that when there is high goal consensus among TMT members, these members are likely to work together and forgo their interpersonal conflicts. Goal consensus is a similar concept to subscribing to the bigger picture and refers to TMT members’ buy-in on the strategy or strategic objectives of their organisation. Having goal consensus moderates the negative impact of social categorisation, thereby improving the quality of TMT decisions.

These findings about TMT heterogeneity and strategic decision making confirm what is commonly found in previous studies. That is, TMT heterogeneity is a double-edged sword. In addition to confirming this recurring theme in strategic leadership literature, the results of this

research further suggest that negative spillovers from TMT affective conflict can be mitigated by the head of the TMT intervening. It does not appear that there are precedents for this in current literature. This intervention by the head of TMT relies on their wisdom and discernment, as well as on their ability to rally fellow TMT members towards the bigger picture. The moderating role of the head of the TMT is discussed further in later sections.

The practical implication of the finding about the amount of diversity that exists in a TMT is that in order to realise the purported benefits of heterogeneity in TMTs, focus should not only be on having different demographic or socio-psychological characteristics among TMT members, but also be on the distribution patterns of these characteristics. Diversity must exist in a form such that even if TMT members were to form hypothetical divides on the basis of their likeness, the resulting subgroups would not result in majorities or dominance over others.

6.3 Leveraging TMT diversity to develop high-quality decisions

If, especially according to the view of non-academic researchers, TMT heterogeneity has a positive impact on organisational performance, do TMTs deliberately leverage their heterogeneity to maximise its benefits? The answer to the question posed above was a resounding “yes”. While it appears that most TMTs take deliberate steps to leverage their TMT’s heterogeneity, this is not common across all TMTs. That is, the action is not always deliberate, but does happen, nonetheless.

Leveraging TMT heterogeneity essentially means that TMT members rely on their peers who are most suited or better placed to lead the formulation of decision choices relating to specific strategic initiatives or objectives of the organisation. TMT members are presumed to understand one another’s strengths and weaknesses and therefore leverage one another’s strengths to the benefit of decision making.

In executing some of their strategic mandates, organisations set up fit-for-purpose teams, taking the nature of the task and the abilities of TMT members forming the team into account. When TMTs rely on fit-for-purpose teams, it is found that not only does this lead to increased innovation, but also that these teams are able to devise improved strategies that lead to improved decision outcomes. This result can also be found in Stephenson (2004). The mechanics of how fit-for-purpose teams operate are similar to how heterogeneous TMTs operate: these teams rely on their information-processing capacity, which enables idea generation and innovation to soar. TMT members who form part of fit-for-purpose teams are,

however, presumed to have intricate or specialist knowledge – much more than fellow TMT members who are not part of the specialist team.

6.4 The moderating role of TMT member behaviours and co-occurrence of multiple diversity dimensions on the impact that TMT heterogeneity has on strategic decision making

The findings of this research are largely consistent with those of prior research about how TMT heterogeneity affects decision making. Not least because they point to mixed outcomes of how these two central phenomena relate, which is dependent on the perspective being considered by the researcher – whether it is the information perspective or the social-categorisation perspective. The difference with the findings of the present study is that they suggest a moderating effect of rank (represented by the head of the TMT). Specifically, this research finds that rank has the potential to moderate the harmful effects of social categorisation.

As is shown in the diversity typology discussed in Chapter 2, rank represents a different type of diversity. Of the three types (variety, separation and disparity), rank is an example of diversity as disparity. The findings of this research point to the moderating role that rank has on the relationship between TMT heterogeneity and strategic decision making, which begins to talk to the interaction effects of multiple diversity dimension. The findings presented thus far suggest that the co-occurrence of diversity as variety and as disparity yields different outcomes than the typically mixed outcomes that have come to define the nature of the relationship between the phenomena of this research. The findings suggest that the relationship between TMT heterogeneity and organisational performance does not have to be double-edged. There are mechanisms, still within diverse TMTs, that moderate the potency of the TMT behaviours that are presumed to detract from the positive relationship between the two constructs.

These findings give credence to speculative answers and theoretical suppositions that taking a dynamic approach to studying the relationship between TMT heterogeneity and organisational performance could resolve inconsistent findings (Samimi *et al.*, 2020). The main consideration in this regard is whether diversity of one type has a moderating effect on the outcomes of diversity of other types (Harrison & Klein, 2007). To explore this question, this research sought to gather insights about how rank (an example of diversity as disparity which is quite common in hierarchical official sector institutions) moderates the outcomes of variety

in TMTs. Furthermore, without being specific about the type of diversity, this research further sought to gather insights about how the co-occurrence of multiple diversity dimensions moderates the positive benefits of TMT heterogeneity generated through idea generation and interactive dialogue (i.e. the information perspective).

6.4.1 The moderating role of rank

It was noted earlier that group fault lines within TMTs have a negative impact on strategic decision making, either because they lead to indecision or compromises or because they delay decisions – all which affect the efficacy of the decision. The formation of group fault lines is a consequence of variety (either demographic or socio-psychological) among TMT members, i.e. fault lines are caused by diversity that exists in the form of variety. However, when this type of diversity interacts or co-occurs with disparity (i.e. rank), its negative outcomes are moderated. In the earlier discussion this was attributed to the role of the head of TMT who rallies homogeneous factions towards the bigger picture. That is, the head of the TMT uses their position of power and influence to instil goal consensus, thus moderating the negative impact of group fault lines.

In addition to this, the head of TMT is presumed to have wisdom and discernment, which they use to resolve disagreements or indecision. Indecision is believed to be a consequence of a lack of consensus in TMTs, which itself is caused by TMT member differences in their positions about particular issues. The latter represents TMT diversity as separation. In this case, there is an interaction between diversity as separation (which causes a lack of consensus among TMT members) and diversity as disparity (the head of TMT who leverages their wisdom and discernment to resolve the disagreement among TMT members). To the extent that the head of the TMT is able to resolve disagreement or indecision successfully, this finding implies that rank moderates the negative effects of separation among TMT members.

6.4.2 The moderating role of co-occurring diversity dimensions

In addition to the evidence provided using rank as an example, the findings of this research point to other TMT behaviours that arise when multiple diversity dimensions co-occur. A prevailing view in this regard is that unless there is consensus and maximum diversity, outcomes of TMT heterogeneity are subject to the ills of dominant coalitions. While this suggests that accounting for interaction effects does not always lead to positive outcomes, it

does imply that the negative outcomes that are a result of group fault lines or dominant coalitions can still be rectified or controlled by the head of the TMT intervening.

These findings suggest that because of the interaction effects of the various types and dimensions of diversity, studying their effects in isolation will indeed lead to inconsistencies. The mere fact that diversity types are more likely to occur than not necessitates that they be studied using a dynamic process model rather than in isolation. The findings of this research provide a very preliminary, but not generalisable flavour of what dynamic process theories of TMT heterogeneity could generate.

6.5 TMT heterogeneity in the VUCA world

This research has found that the VUCA world has brought about considerable change in the environment of business. Technology has become an integral part of business practices, leading to digitisation and increased innovation. These changes have either affected the manner of policymaking by official sector institutions or have resulted in the development of new products that fall within the purview of financial regulation. Specifically, these changes have forced organisations to adapt some of their practices, requiring strategic leaders to let rigid models of decision making go and embrace a culture of flexibility and agility.

Existing literature suggests that in a world where VUCA elements reign, organisations are indeed expected to adapt their past structures and practices to meet the demands that come with changes in the operating environment (Bennett & Lemoine, 2014). Organisations further require innovation and creative ideas, which are informed by a comprehensive analysis of the operating environment. Bartscht (2014) describes comprehensive analysis as an act of repeatedly exploring the environment, thereby gaining situational understanding to sense and seize on opportunities and threats. The behavioural change required of leaders to match the demands of this environment is akin to what proponents of contextual leadership refer to as complexity-contingent practices. Leading in context requires leaders to shift away from conditioned responses to problems and embrace more flexibility in their approach to decision making or problem solving. Indeed, studies show that because of the increased complexity and speed in decision making, old models of decision making have become ineffective (Elkington, 2018).

The business environment and leadership practice changes referred to above describe forces of the external context that strategic leaders increasingly have to navigate in their pursuit of

organisational success. They describe an environment that is ever more dynamic. According to the context-contingent logic, which also suggests that the relationship between TMT heterogeneity and organisational outcomes is dependent on context, this is a typical example of a context in which having heterogeneity in TMTs is most preferred. Hambrick *et al.* (2015) suggest that heterogeneous TMTs are preferred in these environments because of the innovation, pragmatism and creative idea generation they boast.

The results of this research parallel this supposition about the role of heterogeneous TMTs. In fact, the findings presented in Chapter 5 alluded that having heterogeneity in TMTs is *significantly more important* when operating in a VUCA world. This is because one of the main changes to the traditional way of decision making is that decision makers have less information upon which to base their decisions and have to do so with speed. This finding is similar to Elkington (2018) who argues that the VUCA world “adds a new layer of complexity and speed to the decision making process” (p.66). The confluence of limited information and time makes decisions derived from old decision-making models more prone to error.

Indeed, one of the key themes that emerged from this research is that decisions made in a VUCA world cannot be cast in stone. Increased volatility and uncertainty about the future make relying on past information as predictors of future outcomes difficult. Furthermore, the inability of public policymakers to rely on past predictors not only makes decision making challenging, but also makes decisions seem haphazard. Because the nature, speed and magnitude of change are not easily predictable, leaders may be required to revisit their decision choices as the quality of those choices may be compromised as the environment changes.

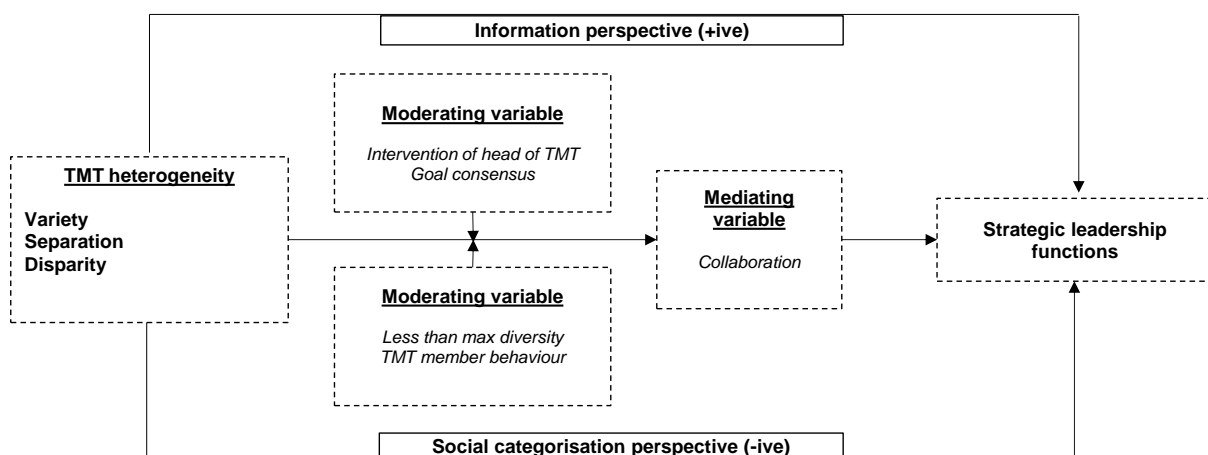
These findings underscore the importance of having heterogeneous TMTs who can bring multiple, but complementary perspectives as well as avoid groupthink that, as previously indicated, compromises decision quality. While avoiding groupthink does not eliminate the risk of making wrong decisions, it mitigates the risk of being completely wrong. The presumption here is that the decision choices that TMTs face are non-binary. Rather, decision choices are scattered along a continuum that ranges from completely correct to completely incorrect. Avoiding groupthink eliminates extremism in decision making, which implies that decision choices that lie at the two extremes of the continuum are forgone in favour of more moderate choices that are less likely to be perfectly incorrect. In this case, having heterogeneity in TMTs that operate in dynamic environments is associated with a narrower margin of error in decisions made by TMTs.

Why are moderate decision outcomes preferable by public policy institutions? The degree of confidence in the quality and robustness of decisions made with limited information is less than what is otherwise the case when decisions are based on a complete set of information. This is the inherent nature of decision making in a VUCA world. Acknowledging the risk that decisions made with incomplete information can be incorrect, the findings of this research emphasise the risks of groupthink and adoption of extreme views, which may lead to policy errors. As such, the cost of committing policy errors that lie at the extreme of the continuum are assessed to be higher than those associated with moderate outcomes.

6.6 Concluding observations

The main insights gleaned from this research can be summarised using the conceptual framework initially presented in Chapter 2. The framework has now been populated with specific variables that, as found in this research, moderate and mediate the relationship between TMT heterogeneity and strategic decision making. Strategic decision making was used as a proximal outcome construct and its primacy as a strategic leadership function was discussed in Chapter 2 as well. The framework suggests that the relationship between the two main phenomena has two perspectives, namely the information perspective and the social-categorisation perspective. The information perspective captures the role played by increased information and idea generation in strategic decision making. This perspective was found to yield positive outcomes. The social-categorisation perspective covers relational aspects of TMT members, which have been found to have harmful effects on decision making due to the conflict that arises as a result of interpersonal clashes.

Figure 16: Conceptual framework



The harmful effects associated with social categorisation need not be an end. They can be neutralised by interventions that seek to end the affective conflict, which is presumed to be the main cause of the creation of hypothetical divides. Goal consensus, which focuses on the bigger picture beyond one's selfish interest, was found to mitigate the effects of social categorisation. However, there are also behaviours that can accentuate the harm caused to organisational outcomes by social categorisation. The findings in this regard largely focused on the role tokenism in heterogeneous TMTs.

On the whole, these findings confirm some of the recurring themes in strategic leadership research about how TMT heterogeneity affects organisational performance. This study goes further and provides some preliminary evidence that social categorisation may not only be associated with negative outcomes as is currently the view in most research studies.

Given the current environment of business that is characterised with VUCA elements, it would be remiss of this study not to consider the relationship between TMT heterogeneity and strategic decision making in this context. Hence, the latter part of the research was dedicated to exploring how the VUCA context affects the relationship between the aforementioned phenomena. The key finding in this regard is having heterogeneous TMTs in even more important in contexts where VUCA elements reign. Some of the reasons are that heterogeneity helps to avoid groupthink and helps bridge information gaps arising in VUCA contexts. The implications of these findings, particularly for official sector institutions, are discussed in the next chapter.

Chapter 7 – Conclusion

7.1 Introduction

This study set out to explore how TMT heterogeneity affects strategic decision making in official sector institutions. The analysis of the effects of TMT heterogeneity on decision making was considered under a specific context in which there was a co-occurrence of multiple diversity dimensions, which were presumed to have a moderating role. Furthermore, the effects of TMT heterogeneity were considered in a context in which there were heightened VUCA elements.

The business case for this study was centred on the growing need or business case for businesses to hone in on the effectiveness of their strategic leaders in order to achieve their organisational outcomes (Hunt *et al.*, 2015; Lorenzo *et al.*, 2018; Browne, 2018; Hunt *et al.*, 2018; Deloitte, 2020). While this can be done in various ways, this study focused on how organisations can leverage group-level skills, competencies and capabilities of their strategic leaders to achieve outcomes. These attributes are recognised as strategic enablers and competitive differentiators whose potential benefits to organisations have led to a growing articulation of the business case to diversify leadership teams (Hunt *et al.*, 2015; Browne, 2018; Lorenzo *et al.*, 2018; Deloitte, 2020). In South Africa, the diversification of organisations (not only the leadership) is also a requirement imposed by law, which seeks to achieve employment equity in the workplace. As more organisations move towards diversifying their workforce, a pertinent question becomes whether heterogeneity among strategic leaders does indeed improve business outcomes.

Researchers have explored this question. Specifically, business researchers, who tend to narrowly view diversity as being in the form of race, gender and ethnicity, have presented evidence that those organisations in top quartiles of diversity tend to outperform their peers in lower quartiles (Hunt *et al.*, 2015; Momani & Stirk, 2017; Browne, 2018; Hunt *et al.*, 2018; Deloitte, 2020). These researchers have sent an unequivocal message to businesses that having diversity within the higher echelons of the organisation is associated with higher performance. While there is support for this view in academic literature, findings in this sphere have been far more mixed (Samimi *et al.*, 2020). Academic research that has explored the effects of TMT heterogeneity on organisational outcomes has been characterised as inconsistent and non-cumulative (Hambrick *et al.*, 2015). Not least because it has suggested that heterogeneity in the upper echelons of the organisation is not necessarily a positive matter for organisational performance. The main argument in this regard has been that heterogeneity

could sometimes lead to the formation of group fault lines or hypothetical divides within teams to such an extent that it ends up being harmful (Nielsen, 2010; Ndofor *et al.*, 2015; Samimi *et al.*, 2020). When considered from this perspective of social categorisation, homogeneity has been preferred to heterogeneity.

The one-sided view of the effects of TMT heterogeneity among business researchers, including their narrow conceptualisation of the construct, could result in an under- or overestimation of the true benefits of TMT heterogeneity in organisations. It would, therefore, be remiss of organisations to rely solely on the aforementioned research findings as a basis for decisions whether to diversify their workforces. Herein lies an area for contribution by providing a balanced view of heterogeneity and a perspective in terms of how the negative effects of social categorisation can be moderated.

By exploring the effects of TMT heterogeneity on strategic decision making, which has been selected as a proximal outcome construct and whose primacy has been well articulated in existing literature, this study not only confined its scope to how the two central phenomena relate. This research considered the reality that:

- Diversity is multidimensional and extends beyond the demographic attributes that business researchers tend to focus on (Harrison & Klein, 2007; Nielsen, 2010).
- The various dimensions of diversity do not exist in isolation. There is a case to be made about the co-occurrence of multiple diversity dimensions. In fact, diversity exists in a multiplicity of forms that interact and may have causal and/or moderating effects on outcomes (Nielsen, 2010; Wei & Wu, 2013; Samimi *et al.*, 2020).
- Businesses are increasingly operating in environments where VUCA elements reign. Operating in such environments requires leaders to adopt a complexity-contingent logic in how they execute their mandates (Bennett & Lemoine, 2014; Bartscht, 2015). Since VUCA elements have become the defining features of the operating environment for most businesses, do the purported effects of TMT heterogeneity, which was explored in stable contexts, still apply? Might the complexity-contingent logic have any implications for how heterogeneity affects strategic leadership functions?

Accounting for this reality and considering these questions yield interesting insights about the moderating role of TMT behaviour and how the VUCA context affects decision making. It is instructive to note that this exploration was done in the context of a specific sector, which may have implications for the generalisability of its outcomes.

7.2 TMT heterogeneity and quality of decision making in official sector institutions

The first research question sought to understand how TMT heterogeneity affects the quality of decision making. Further, it aimed to gather insights about the specific mechanisms or channels through which heterogeneity affects the quality of decisions that have been entrusted with TMTs. This study found that TMT heterogeneity affects decision making through two main channels – the information sharing and the social-categorisation. The information perspective emphasises the role of heterogeneous, yet complementing backgrounds in providing alternative perspectives and improving idea generation, while the social-categorisation perspective considers the role played by affective conflict, which can potentially have harmful effects. These findings reinforce the existing view in current literature that TMT heterogeneity is a double-edged construct.

From an information perspective, TMT heterogeneity was found to be a valuable resource to official sector organisations due to the impact it has on groupthink. Official sector institutions are particularly known for their role in setting public policy. When making key public policy decisions, these institutions are not only insulated from outsiders, but they are also sometimes subject to decision-making rules that, if followed mechanistically without exercising judgement, are found to contribute to groupthink which is associated with bad quality decisions. Having heterogeneity in TMTs, which is a powerful decisional entity, enables the generation of multiple and alternative perspectives and the expression of independent observations that provide a challenge to dominant views. This happens through information exchange and dialogue, and has been found to assuage groupthink.

From a social-categorisation perspective, TMT heterogeneity was found to have harmful effects on organisational performance. Specifically, this research found that outcomes of social categorisation such as dominant coalitions, conflict and group fault lines are detrimental to effective decision making by TMTs. As coalitions or hypothetical divides form in TMTs, the resulting subgroups are sometimes not tolerant of the other camp's views, resulting in behaviours that can affect the efficacy of TMT decisions.

This research extended beyond these findings based on the two perspectives and explored the role of moderating variables. The part of the research links with the third research question, which sought to explore how the co-occurrence of multiple diversity dimensions moderates the relationship between TMT heterogeneity and strategic decision making. This aspect of the research specifically considered interaction effects that arise due to co-occurrence of multiple diversity dimensions. The underlying theoretical argument for

considering co-occurrence is that it may result in joint outcomes for TMTs (Harrison & Klein, 2007; Nielsen, 2010; Samimi *et al.*, 2020). Interaction effects and/or co-occurrence have, however, not been widely explored in literature, suggesting that there is a gap that, if filled, could provide a basis for the development of dynamic process theories that can lead more consistent findings. This research provides at least two key observations:

- The harmful effects of social categorisation can be neutralised by the co-occurrence of multiple diversity dimension. This happens when diversity as variety interacts with diversity as disparity. It was found that while variety improves idea generation and the quality of decision choices, it can also lead to affective conflict. Affective conflict leads to decision inertia or a lack of consensus among team members. Disparity introduces rank and influence, which are often channelled through the head of the TMT. This individual is believed to have wisdom and discernment that they can leverage to counteract the negative effects associated with social categorisation. The individual is further presumed to have the ability to rally the subgroups in a TMT towards the broad strategy of the organisation. In doing so, the head of the TMT achieves goal consensus among members who then forgo their personal interests for the greater good of the organisation. When this happens and TMT members collaborate, hypothetical divides collapse and TMT members who now have goal consensus engage in a manner similar to what was described as the *modus operandi* of the information perspective.
- Having heterogeneity in TMTs is not enough; it needs to be enabled. Otherwise it amounts to no more than tokenisation, which has been found to not improve the negative effects of groupthink on decision making interaction effects between type and amount of diversity. Therefore, TMT members who are on-boarded for purposes of introducing heterogeneity should have a critical mass, otherwise their alternative views and perspectives get disregarded or discounted, thus defeating the sole purpose of heterogeneity. It was also found that when “diversity candidates” do not have critical mass, it was more likely for them to conform to dominant views or refrain from expressing their independent opinions so as not to be regarded as outsiders or being part of a minority that gets prejudiced.

If TMT heterogeneity can have such a positive impact on organisational outcomes, do TMTs deliberately leverage their heterogeneity to maximise its benefits? This research found that this was indeed the case, although in some instances the action was not deliberate. Nonetheless it still happened. This finding answered the second research question which aimed to identify specific actions that diverse TMTs take to leverage their diversity. The

expectation was to obtain a clear understanding of whether TMTs take deliberate action to leverage their heterogeneity to benefit the quality of their decisions. In cases where they do this question consider some of the practical actions taken in that regard.

With regard to the second part of the question about actions that TMTs take to leverage their diversity, this research pointed to one key example:

- The formation of fit-for-purpose teams whose membership considers the nature of the strategic initiative at hand, as well as the abilities of TMT members to best execute. Only those TMT members with the most intricate knowledge and ability (based on the requirements of the task) become members of the fit-for-purpose team. These teams are found have higher innovation and are able to devised improved strategies and decision outcomes (Stephenson, 2004).

7.3 TMT heterogeneity and strategic decision making in VUCA contexts

This study further recognised and took the current operating environment for businesses into account, which is characterised by rapid change and VUCA. The environment requires strategic leaders to change their operating models to meet the demands of this dynamic environment. For example, it is argued that in order to meet the challenges of a dynamic business environment adequately, the pattern of decision making has to adapt, shifting away from a conditioned-type response to one that is contingent on context (Snowden & Boone, 2007; Bartscht, 2014; Bennett & Lemoine, 2014). In this regard, this study sought to explore whether TMT heterogeneity has any benefits for businesses operating in environments where VUCA elements reign. This part of the research provided insights with respect to the fourth research question, which sought to explore how multiple and alternative perspectives generated by diverse TMTs affect decision making in fast-paced business environments.

The research found that there has indeed been considerable change in the order of business for organisations operating in the official sector in South Africa. From the point of view of decision making, this environment demands swift action and flexibility in the manner in which strategic leaders make decisions particularly because the environment adds a layer of complexity and speed (Elkington, 2018). VUCA elements further have implications for business processes. One of the key findings relating to decision making was that this environment results in high demand for information (Bartscht, 2014). Yet, this information is not always readily available or the processing capacity of TMTs is insufficient. As such, TMTs

have to rely on less information to make decisions, rendering those decisions more prone to error. This introduces a need for another element of flexibility in TMTs – they have to be willing to revisit the relevance of prior decisions as new information becomes available. While this does not necessarily imply poor decision quality, it does have implications for decision permanence.

Having heterogeneity in TMTs is considered to be *significantly more important* in a VUCA context, largely due to the information-processing capacity it boasts. Heterogeneity in this sense leads to increased information and supports idea generation, thus enabling the development of good quality decisions. In this sense, having heterogeneity complements the information needs of TMTs responsible for decision making in VUCA contexts. This study further emphasised the importance of avoiding groupthink to mitigate the risk of decision-making errors, especially in VUCA contexts where decision errors are more likely.

7.4 Implications for business

One of the important findings of this study is that organisations tend to emphasise the demographic aspect and non-task-related aspects of TMT heterogeneity. These non-task related demographic attributes include race, gender and ethnicity. Yet, diversity has multiple dimensions whose interaction effects have been found to have positive spillovers to strategic decision making. For businesses to realise more of these benefits, the findings of this study imply that there is a need to take on a broader view of diversity instead of focusing predominantly on race and gender diversity. Although non-task related diversity attributes are presumed to beget task-related ones, there is a case for business to be a lot more deliberate in terms of introducing or enhancing other task-related forms of diversity.

Beyond having different types of diversity, there is also a need to consider the distribution patterns of each of those diversity types. TMT heterogeneity must not be tokenistic as this either leads to a disregard of views or a loss of independence in TMT members' opinions. This research suggested that tokenisation arises when institutions do not diversify their TMT enough to have critical mass, but do so as a matter of compliance with laws governing equity in the workplace. When this happens, views and opinions of “token” TMT members or those members who represent “inferior” or “minority” characteristics of diversity are either devoid of

independence or do not get considered at all. This detracts from the benefits that heterogeneity has on strategic decision making.

The practical implication is that for businesses to realise the purported benefits of TMT heterogeneity, businesses should expend effort on ensuring that there is a critical mass of members who bring diversity. This talks to the amount of diversity that exists in TMTs. When there are minorities in TMTs, these minorities are not always able to share their views and perspectives independently. Rather, there is a tendency for these minorities to want to conform to dominant views, which feeds into the concept of groupthink, thereby taking away from the intended consequences of heterogeneity. Unless organisations make concerted efforts to ensure critical mass, their efforts to diversify their TMTs may not always lead to positive outcomes.

Businesses also need to recognise that diversity on its own is not enough and that its benefits do not realise automatically. There is a need for enablement. Other than enabling diversity by having critical mass, there is a shift in organisational culture that is required to allow for diversity to thrive. This is a culture of inclusivity. Organisations need to ensure that their TMTs embrace a culture where members who represent minority diversity elements feel safe bringing their diversity to the fore. The benefit of operating in the so-called “safe environment” allows members to engage independently and in ways that may counteract the ills of phenomena such as groupthink. Another important finding of this research concerns the moderating role of the head of the TMT. This individual was found to be instrumental in instilling goal consensus among TMT members, which helps neutralise the negative effects of social categorisation. These individuals are further presumed to have wisdom and discernment, which enables them to mitigate decision inertia, which was found to have an impact on the timeliness and efficacy of TMT decisions. It therefore becomes important for organisations to ensure that the head of their respective TMTs are both capable and empowered to influence and guide their teams. This research also refers to “strong” leaders as being ideal candidates to head TMTs. The term strong refers to sternness, as well as to neutrality.

Lastly, the study considered the impact of contextual variables, specifically focusing on the impact of the demands of the VUCA world on decision making. The main findings are that decision making becomes a challenging function to perform due to information challenges, which makes TMT (public policy) decisions more prone to error. Relying on archaic, rigid models of decision making accentuates this challenge. In order to manage this risk, there is a growing need for organisations to ready themselves for, and leverage big data. Furthermore,

because TMT heterogeneity was described as being significantly more important for businesses to navigate this context. The implication of this finding is that businesses need to look at diversity with a different mindset. The procedures of the VUCA world imply that TMT heterogeneity is a strategic enabler, especially given its role in enhancing decision making whose primacy as a strategic leadership function has unequivocal support in literature.

7.5 Limitations and suggestions for future research

The generalisability of the outcomes of this research is limited by the fact that it was conducted under a specific context – the official financial services sector in South Africa. Organisations operating in this sector are not-for-profit institutions and are, therefore, not overly concerned with competition. While the findings of this research compare well with those of prior research that has been conducted in different contexts, the cumulative insights it offers may not be as generalisable. In order to gain understanding of interaction effects that may be more generalisable, it may be useful to conduct similar studies in broader and competitive environments. The ability to draw credible generalisations from the findings of this study is also limited by the fact that the sample size of is relatively small. This is due to the fact that the population of this study (official sector institutions) is small as there are not many such institutions in an emerging economy.

The choice of a strategic leader considered in this study is the TMT, who represents a powerful decisional entity in an organisation just below the chief executive. There are multiple ways of defining TMTs, ranging from restrictive definitions to unrestrictive definitions. This study took a fairly unrestrictive view of which members of the organisation make-up the TMT and included executive directors and business unit heads who are directly involved in strategy formulation. The decision to adopt a fairly unrestrictive approach was based on the fact the population of the study is small. Thus, adopting a restrictive approach would have resulted in an even smaller universe of potential TMT members to participate in research interviews.

There may have been bias in the outcomes of the study based on the demographic characteristics of interview participants. While effort was made to have a diverse group of interview participants, there was a domination by black, non-youth South Africans. To the extent that this group of individuals shares a certain perspective about TMT heterogeneity and decision making, this may result in biases in the outcome of the research. This is particularly relevant for this study because there are cases where black South Africans and women are

believed to have been promoted to TMT-equivalent positions in order to comply with legal requirements. As such, these members are affected by tokenism which may influence their views of how TMT heterogeneity affects decision making. Evidence of this was presented in Chapter 5.

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Appendices

Appendix A: Informed consent letter for interviews

Note: *This standard informed consent letter to be used in qualitative interviews, must be separate from interview guide, must be signed before the interview commences. The signed form must be stored separately from the data collected*

Dear [Name of interview participant]

I am conducting research on “Top management team heterogeneity and strategic decision making and the role of moderating variables”. Our interview is expected to last for approximately one hour, and will help me understand how top management team heterogeneity affects strategic decision making in the context where there is a co-occurrence of multiple diversity dimensions. Your participation is voluntary and you can withdraw at any time without penalty. By signing this letter, you are indicating that you have given permission for:

- The interview to be recorded;
- The recording to be transcribed by a third-party transcriber, who will be subject to a standard non-disclosure agreement;
- Verbatim quotations from the interview may be used in the report, provided they are not identified with your name or that of your organisation;
- The data to be used as part of a report that will be publicly available once the examination process has been completed; and
- All data to be reported and stored without identifiers.

If you have any concerns, please contact my supervisor or me. Our details are provided below.

Researcher

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Research Supervisor

Name: Theresa Vermeulen

Email: Theresa@e-motionconsulting.co.za

Phone: 0845121110

Signature of participant: _____

Date: _____

Signature of researcher: _____

Date: _____

Appendix B: Interview schedule

Top management team heterogeneity and strategic decision making and the role of moderating variables		
Date of interview		
Interview participant		
Introduction and background		
<p>Thank you for agreeing to participate in this interview, which forms part of a data collection exercise for a research project I am conducting as part of my Master of Philosophy studies with GIBS. The aim of the research project is to explore how TMT heterogeneity affects strategic decision making in the context where there is a co-occurrence of multiple diversity dimensions. The study will also seek to understand the impact of multiple and alternative perspectives generated by diverse TMTs on the decision-making process in a VUCA world. In this interview, I am interested in your experiences as a member of the TMT in your organisation. I would like you to please share as much information, including stories and examples, on each of the broad areas we will be discussing.</p>		
Consent		
<p>Before starting with the interview, it is important for me to obtain your consent. A consent letter was sent to you along with the request for this interview. Just as a reminder, by consenting to this interview and signing the letter, you are giving me permission for the following: •to record the interview; • The recording to be transcribed by a third-party transcriber, who will be subject to a standard non-disclosure agreement; • Verbatim quotations from the interview may be used in the report, provided they are not identified with your name or that of your organisation; • The data to be used as part of a report that will be publicly available once the examination process has been completed; and • All data to be reported and stored without identifiers.</p>		
Interview questions		
Main research question	Question number	Interview question
	1	Please can you tell me about the kinds of diversity that exist in the TMT of which you are a part?
In what ways does TMT heterogeneity affect the quality of strategic leadership decision making in official sector institutions?	2	What is your understanding of TMT heterogeneity and in what form does it exist in your organisation?
	3	How would you say this heterogeneity affects decisions made by the TMT relating to the strategic objectives of the organisation?
How do TMTs leverage their diverse demographic and/or socio-psychological	4	How does your TMT use its demographic and socio-cognitive characteristics to develop decisions? What are some of the practical things that they deliberately leverage?

characteristics to develop high quality strategic decision?		
How does the co-occurrence of multiple diversity dimensions moderate the relationship between TMT heterogeneity and strategic leadership decision making?	5	How does rank affect decision making?
	6	How do differences in opinion or positions about particular issues affect decision making?
	7	Do you often find that these types of diversity co-occur? And how do they affect decision making when they co-occur? Is this different to how they "normally" affect decision making?
How do multiple and alternative perspectives generated by diverse TMTs affect the process of decision making in a fast-paced business environment?	8	How would you say your organisation is affected by increased volatility, uncertainty, complexity and ambiguity in the environment in which it operates?
	9	In what ways does TMT heterogeneity affect decision making in times that exhibit VUCA world characteristics? What are the specific mechanisms or channels through which this happens?

*Each interview question may be followed by a probing question as appropriate. The following probing questions will be used: (i) Please tell me more about that; and (ii) Please could you share an example or story linked to the point you made.

Appendix C: Confidentiality and non-disclosure agreement

1. I, the Researcher, am conducting research on "Top management team heterogeneity and strategic decision making and the role of moderating variables".
2. Data for this research have been collected by means of interviews which have been recorded and require transcription for purposes of data analysis.
3. During the interviews, participants ("Disclosing Party") have disclosed confidential information to the interviewer ("Receiving Party") which, if disclosed, may cause irreparable harm to the Disclosing Party or the Receiving Party.
4. In this Agreement, "Confidential Information" refers to all information, documents, notes, voice recordings, emails and all communication (whether written or verbal), as well as confidential and other proprietary information disclosed by the Disclosing Party or the Receiving Party to the Transcriber on or after the date hereof directly or indirectly, orally, visually, in electronic format or in any other form, including but not limited to any information related to the interview.
5. In the event of any disclosure of the Confidential Information, the Receiving Party shall be entitled to claim urgent relief in a form of injunction against the Transcriber.
6. The Transcriber hereby irrevocably agrees and undertakes in favour of the Receiving Party and in order to protect the Disclosing Party's and the Receiving Party's proprietary interests in and to the Confidential Information that it will:-
 - 6.1. not, at any time, except in terms of this Agreement, divulge or disclose to any third party in any form or manner whatsoever and for any reason or any purpose whatsoever, either directly or indirectly, any of the Confidential Information without the prior written consent of the Receiving Party;
 - 6.2. not, at any time, use, exploit, permit the use of, employ, apply or in any manner whatsoever, whether directly or indirectly, use the Confidential Information disclosed to it pursuant to the provisions of this Agreement for any purpose whatsoever other than for the purpose for which it was disclosed and otherwise than in accordance

with the provisions of this Agreement, without the prior written consent of the Receiving Party;

- 6.3. in cases where the Disclosing Party is uncertain as to the nature of any information (whether that information qualifies as Confidential Information in terms hereof or not), treat such information as Confidential Information; and
- 6.4. at all times maintain in secrecy any and all Confidential Information which may be acquired by or disclosed to it.

This Agreement is thus done and signed at Pretoria on this 09 day of December 2020, by Bafundi Maroneti in his/her capacity as Researcher.

This Agreement is thus done and signed at PRETORIA on this 09 day of DECEMBER 2020, by RINAL BOSHOFF in his/her capacity as TRANSCRIBER.

Appendix D: Confirmation of ethical clearance

**Gordon Institute
of Business Science**
University of Pretoria

**Ethical Clearance
Approved**

Dear Bafundi Maronoti,

Please be advised that your application for Ethical Clearance has been approved.

You are therefore allowed to continue collecting your data.

We wish you everything of the best for the rest of the project.

[Ethical Clearance Form](#)

Kind Regards

This email has been sent from an unmonitored email account. If you have any comments or concerns, please contact the GIBS Research Admin team.

Appendix E: Code list

Code number	Code name
1	Unscrutinised decision choices
2	Accountability and impact on decision choices
3	All-encompassing decision
4	Alternative views and debate
5	Articulating one's perspective
6	Asking the difficult question
7	Assumptions about an "outsider"
8	Attaching weights to people's views
9	Authority and influence
10	Balancing the scales of diversity
11	Best decision may be a hybrid
12	Bias towards own dimension
13	Business adaptation in VUCA
14	Buy-in on an all-encompassing outcome
15	Canvassing on basis of similarity
16	Challenges with diversity
17	Challenging a decision (with facts)
18	Challenging authority
19	Challenging of proposals/ideas before ultimate decision
20	Clout
21	Cognitive heterogeneity
22	Collegiality
23	Combination/infusion of information
24	Complacency
25	Compliance with laws
26	Compromise/reaching a compromise
27	Contestation of ideas
28	Converging to the views of the senior
29	Creating safe space to express opinion/views
30	Culture of holding each other accountable
31	Debate
32	Decision making by the elite
33	Decision quality
34	Decision quality in retrospect vs VUCA
35	Different views
36	Different views and broad discussions derailing effectiveness
37	Disadvantage of long discussions
38	Disadvantage of multiple perspectives
39	Discounting of views
40	Disengagement during debates
41	Disregard for certain diversity dimensions
42	Divergence of views as indicator of alignment with strategy
43	Diversity and its source (the paradox)
44	Diversity as a source of nuance
45	Diversity as a stat (compliance) and not in views/thinking

Code number	Code name
46	Diversity as double-edged
47	Diversity continuum
48	Diversity doesn't mean no consensus
49	Diversity in numbers vs. minority
50	Diversity in VUCA
51	Diversity is natural, inclusion isn't
52	Diversity just for show (tokenism)
53	Dominance
54	Dominant coalition
55	Downplaying other's views
56	Drawn-out discussion of perspectives
57	Elusive concept
58	Embracing and tweaking ideas
59	Enabling environment for diversity
60	Enabling fast-tracking under VUCA
61	Engaging with impact
62	Experience coalition (I have been here for long)
63	Faith in one expert
64	False impression of empowerment
65	Fit-for-purpose teams
66	Fitting into the boys' club
67	Flexible vs. rigid decision making models
68	Forced decisions
69	Forming synergies
70	Freedom of expression
71	Fresh ideas
72	Generation of diverse ideas and quality checking
73	Going with the minority view
74	Group faultlines
75	Groupthink
76	Haphazard decision making in VUCA
77	Having majority for diversity benefits to accrue (critical mass)
78	History of hierarchy
79	Inclusion
80	Indecision because of a split in opinion/views
81	Information perspective
82	Interrogating decisions for robustness (asking questions)
83	It depends on where the idea is coming from
84	Lack of diversity and favouritism in decision making
85	Leverage because of specialisation
86	Leveraging TMT diversity
87	Limiting the expression of creativity
88	Majority view and concessions
89	Making decisions with incomplete information
90	Managerial hypocrisy
91	Managing each other's shortfalls
92	Misconceptions about decisions choices

Code number	Code name
93	Missed opportunities
94	Modifying self in order to fit
95	Multiple perspectives and public policy
96	Multiple/different perspectives
97	Older generation insisting on views that detract from decisions
98	Permanence of decisions in VUCA
99	Persistence of old culture
100	Policy errors
101	Position and decision making
102	Profiles suitable for management
103	Profiling people
104	Putting young people in senior positions
105	Quality as a subjective concept
106	Quick decision with limited information
107	Rank
108	Rank and giving opinion
109	Recognising views from various "diversities"
110	Relying on senior to reconcile different ideas
111	Respect for people's views/opinions
112	Responsibility for ultimate decision
113	Richness of deliberations/outcomes
114	Rigour in thinking about decision
115	Risk of not having diversity
116	Role of chair
117	Role of the chair
118	Scepticism among conservatives in VUCA
119	Seeking stakeholder (peer) buy-in
120	Seeking understanding/clarity before deciding
121	Segregation and conflict
122	Seniority and ultimate decision
123	Seniority and views
124	Siding with peers to detriment of decision
125	Social categorisation
126	Soliciting input/challenge
127	Speed and agility
128	Suboptimal decisions due to time-constraints
129	Superiority complex on basis of diversity
130	Survival of the fittest
131	Swift action
132	Synthesis and course of action
133	Taking diversity into account
134	Time wasting
135	Timeliness of the decision
136	TMT diversity and appreciation of people's contexts in decision making
137	TMT member opinion
138	Tokenisation

Code number	Code name
139	Tolerating each other's views
140	Understanding of diversity
141	Understanding weaknesses and leveraging strengths
142	Using big data to improve understanding of operating environment
143	Using different datasets in VUCA
144	Validating an "outsiders" view
145	Value in diversity/benefit of having diversity
146	Value in diversity/benefit of having diversity_1
147	Value in diversity/benefit of having diversity_3
148	Value in VUCA
149	Veto power
150	VUCA and decision making
151	Why change it if it works
152	Willingness to be open
153	Wisdom/discernment
154	Youngsters leveraging tech to explore data