

**The influence of the Top Management Team diversity on sensing and sensemaking of  
the external environment**

24093892

A research project submitted to the Gordon Institute of Business Science,  
University of Pretoria, in partial fulfilment of the requirements for the degree of  
Master of Philosophy in Corporate Strategy.

22 November 2025

## Abstract

Top management teams are responsible to ensure that their organisations are conversant with the prevailing circumstances in their operating environment. Through their understanding of the operating environment leads to sensemaking which is required to device strategies to sustain their business. For this reason, the study of the role of top management teams in sensing and sensemaking is important. A critical review of existing scholarship as conducted in this study acknowledges that top management team diversity is beneficial to companies but may also pose certain challenges. Stemming from this realisation, the study explored how TMT diversity influences the sensing and sensemaking of the external environment among medium to large organisations from various sectors that operate in South Africa. It achieved this goal through the use of a qualitative study that used a semi-structured interview guide to collect data from twelve purposively selected research participants.

Through the use of inductive thematic analysis, the study discovered that diversity among Top Management Teams contributes to deeper problem-solving capabilities, enhanced team innovation, customer base alignment and augments broader perspectives in collective sensing and sensemaking. Concurrently, the findings also highlight that team diversity, conversely, contributes to delayed decision-making, is characterised by a need for effective leadership to manage conflicting views during the sensing and sensemaking processes. Thus, the findings confirmed results from prior studies, which also highlighted the balanced perspective on its contribution in this regard. While the study has achieved its goal, the report has also highlighted its limitations based on the methodology that was chosen. Consequently, it recommends that future studies should consider employing quantitative methods and a bigger sample to enhance reliability and results generalisation. Despite these limitations, the report posits that these findings may be beneficial to both business and academic knowledge. They may serve as an input to the content of management training programmes and may also influence organisational policy and strategy.

## 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

## Key Words

Team diversity, top management, groupthink, sensing, sensemaking

## Acronyms

AD	Atmospheric Dissonance
CE	Contagion Effect
CEO	Chief Executive Officer
CF	Cynefin Framework
DCT	Dynamic Capability Theory
GIBS	Gordon Institute of Business Sciences
MVNO	Mobile Virtual Network Operator
TMT	Top Management Team
UET	Upper Echelons Theory

## Contents

<b>Abstract</b> .....	<b>i</b>
<b>Declaration</b> .....	<b>ii</b>
<b>Key Words</b> .....	<b>iii</b>
<b>Acronyms</b> .....	<b>iv</b>
<b>List of Figures</b> .....	<b>ix</b>
<b>List of Tables</b> .....	<b>ix</b>
<b>Chapter 1 Introduction</b> .....	<b>1</b>
1.1 Introduction to the research problem .....	1
1.2 Background to research problem.....	1
1.3 The Research Problem .....	3
1.4 The Research Purpose and Aims .....	6
1.5 The Research Contribution .....	6
1.6 Research Overview .....	7
<b>Chapter 2 Literature Review</b> .....	<b>9</b>
2.1 Introduction.....	9
2.2 Diversity .....	9
2.2.1 Types of Diversity .....	10
2.2.2 Why Diversity Matters .....	12
2.2.3 Diversity in the Top Management Team .....	14
2.3 Sensing and Sensemaking.....	17
2.3.1 Sensing .....	17
2.3.2 Sensemaking .....	18
2.3.3 Sensemaking theories.....	19
2.3.4 Locating Sensing and Sensemaking in Dynamic Capabilities.....	20
2.4 Linking TMT diversity to Sensing and Sensemaking .....	21
2.4.1 How TMT diversity shapes sensing and sensemaking.....	22
2.4.2 Challenges and Moderators .....	25
2.5 Empirical Evidence and Gaps in Literature .....	27
2.6 The Conceptual Framework .....	31

2.7 Conclusion.....	32
<b>Chapter 3 Research Questions .....</b>	<b>34</b>
3.1 Introduction.....	34
3.2 Research Question 1 .....	34
3.2 Research Question 2 .....	35
3.3 Research Question 3.....	35
3.4 Conclusion .....	35
<b>Chapter 4 Research Methodology .....</b>	<b>37</b>
4.1 Introduction.....	37
4.2 Research Philosophy .....	37
4.3 Research Design .....	38
4.3.1 Population .....	39
4.3.2 Sampling Strategy .....	40
4.3.3 Unit of Analysis .....	40
4.3.4 Measurement Instrument.....	41
4.4 Data Collection .....	41
4.5 Data Analysis.....	42
4.6 Ethical Considerations .....	44
4.7 Methodological Limitations .....	44
4.8 Conclusion.....	44
<b>Chapter 5 Findings.....</b>	<b>46</b>
5.1 Introduction.....	46
5.2 Overview of Participants .....	46
5.3 The contribution of diversity within the Top Management Team to sensing the external market.....	48
5.3.1 The influence on the team’s collective study of the emerging market trends .....	48
5.3.2 Respondents’ perspective on the significance of team diversity in data analysis .....	57
5.4 The influence of team diversity on the interpretation of perceived information	60

5.4.1 The scenarios of prevailing perspectives that shape the interpretation of market information by others.....	60
5.4.2 The influence of team diversity on collective comprehension of a complex situation.....	62
5.4.3 Processes or practices to facilitate reconciliation of differing team perspectives.....	65
5.5 The benefits and challenges of team diversity in enabling effective sensing and sensemaking .....	68
5.5.1 Advantages of team diversity in making quick but important decisions ....	69
5.5.2 Disadvantages of team diversity in making quick but important decisions	71
5.6 Conclusion.....	74
<b>Chapter 6 Discussion.....</b>	<b>76</b>
6.1. Introduction.....	76
6.2. Research Question 1: How does diversity within TMT contribute to sensing the external market?.....	76
6.3 Research Question 2: In what ways does the diversity of TMTs influence the interpretation of perceived information to facilitate collective sensemaking?.....	79
6.4 Research Question 3: What are the benefits and challenges of TMT diversity in enabling effective sensing and sensemaking?.....	84
6.5 Theoretical Relevance of the Findings.....	86
6.6 Business relevance of the findings .....	88
6.7 Conclusion.....	89
<b>Chapter 7 Conclusion .....</b>	<b>91</b>
7.1 Introduction.....	91
7.2 Research objective .....	91
7.3 Research Question 1 .....	91
7.4 Research Question 2 .....	92
7.5 Research Question 3 .....	93
7.6 Limitations of the study .....	93
7.7 Recommendations.....	94
7.8 Conclusion.....	95
<b>References.....</b>	<b>96</b>

<b>Appendices</b> .....	<b>105</b>
Appendix 1 Interview Questions Schedule.....	105
Appendix 2 Themes and Codes .....	107
Appendix 3 Participant Profiles .....	118
Appendix 4 Comparison of Sensemaking Theories.....	119
Appendix 5 Ethical Clearance Approval Letter .....	121
Appendix 6 Informed Consent Letter .....	122

## List of Figures

<i>Figure 2-1 Schematic presentation of the conceptual framework</i> .....	32
<i>Figure 4-1 Data analysis process adapted from Byrne (2021)</i> .....	43
<i>Figure 5-1 Participants per sector</i> .....	46
<i>Figure 5-2 Participants' level of education</i> .....	47
<i>Figure 5-3 Participants' years of experience</i> .....	47
<i>Figure 5-4 Influence on the shared course of action</i> .....	62
<i>Figure 5-5 Policies and practices as enablers</i> .....	65
<i>Figure 5-6 Advantages and disadvantages of team diversity</i> .....	69

## List of Tables

<i>Table 2-2 The influence of diversity on sensing</i> .....	23
<i>Table 2-3 Explanation of the interface among team diversity, sensing and sensemaking</i> ....	27
<i>Table 5-1 Summary of effects and benefits of team diversity</i> .....	48

# Chapter 1 Introduction

## 1.1 Introduction to the research problem

Top management teams of various firms face challenges from the external environment, accelerated by market changes, the emergence of new products, and processes. Considering this, organisational leaders must have a diverse skill set to navigate and stay relevant in these circumstances effectively. The organisation's ability to sense new opportunities and threats, and to interpret complex market information, has thus become crucial for strategic responsiveness (Andersen, Aagaard & Magnusson, 2022).

Dynamic capabilities enable organisations to sense, seize, and reconfigure resources and competencies to stay relevant in dynamic markets (Teece et al., 1997). The effectiveness of the sensing aspect of dynamic capabilities is in the leadership's interpretation of the sensed information to achieve a common understanding needed to respond (Brown et al., 2015). Upper Echelons Theory by Hambrick & Mason (1984) posits that organisational outcomes, including strategy decisions and performance metrics, are a true or partial reflection of the background and attributes of senior executives. It underscores the understanding that organisations mirror the beliefs, cognitive frameworks, and experiences of their dominant coalition, especially their senior leaders (Neely et al., 2020; Roberson et al., 2024). While sensing and sensemaking are vital for the organisation to respond to a dynamic environment through decisions made by the top management team (TMT) (Pitelis, 2022; Weick, 2012). Conversely, the diversity within the TMT affects its dynamics (Narayan et al., 2021); nevertheless, there is limited literature examining the interplay between TMT diversity and the processes of sensing and sensemaking that are vital for strategic responsiveness. The study explored the influence of TMT diversity on the sensing and sensemaking of the external environment.

This chapter introduces the study by discussing its background and research problem, followed by the research purpose, contribution, scope and overview of the study.

## 1.2 Background to the research problem

In the current business debate, business executives and academics are exploring ways for organisations to navigate the complex and dynamic environment. Organisations aim to align with changing market dynamics and consumer expectations, which is why top management diversity is becoming increasingly important in the effort to acquire diverse skills. Consumers expect brands to mirror these changes in their messaging and leadership as consumer populations grow more diverse across various dimensions, including race, ethnicity, sexual orientation, and abilities (Deloitte Insights, 2022). Some

organisations are intentionally choosing to be diverse to benefit from the wider knowledge and perspectives that come from diverse backgrounds within managerial teams (Narayan et al., 2021)

According to PWC (2024) Underinvestment, sustainability difficulties, and worker skilling challenges hinder company growth, particularly in the context of competition from novel products from other countries. To overcome these issues, according to PWC (2024), top management must have diverse skills to enable them to make decisions that maintain relevance and align with market changes. King IV (2016) guidelines on corporate governance advanced the importance of diversity in leadership through advocating for the setting up of targets and reporting on progress around race and gender diversity and inclusion. The report also emphasised the importance of diverse skills and balanced knowledge in corporate top leadership to effectively perform governance roles. This elevates the importance of understanding how TMT diversity influences the sensing and sensemaking process that are at the heart of strategic decision-making of the organisation in the ongoing debate (Ann Glynn & Watkiss, 2020) .

Dynamic capabilities refer to an organisation's ability to sense, exploit, and adapt to opportunities within a swiftly evolving environment to align with market changes (Laaksonen & Peltoniemi, 2018). In TMT augments these competencies are augmented by promoting innovative thought and decision-making (Novacek et al., 2023). Diversity in the TMT is a strategic asset that boosts creativity, decision-making, and resilience (Centre for Creative Leadership, 2023). This research showed that diverse leadership teams excel in navigating changing markets, meeting stakeholder needs, and maximising workforce potential. The survey research by Protolabs Manufacturing Accelerated (2024) emphasises the significance of a diverse leadership team and versatile talents to navigate a rapidly evolving industry. Diverse leadership fosters innovation and adaptability in response to customer demands, workforce shortages, and economic volatility (Teece, 2020). While diversity is considered critical, it is the ability to sense, i.e. gather information and interpret the information collectively, i.e. sensemaking by the TMT, that determines the successful influence of diversity. Nevertheless, there is little literature that has explored the relationship and the influence of diversity on sensing and sensemaking.

The business research by the Centre for Creative Leadership (2023) highlighted the need for diverse TMT to help organisations with capabilities to align with changes in the environment. Diversity in leadership is crucial for aligning businesses with market developments, as it introduces a wider array of viewpoints, experiences, and innovative ideas to the decision-making process. As markets rapidly transform due to technological advancements, changing customer expectations, and global disruptions, diverse

leadership teams are more adept at anticipating and adapting to these changes (Centre for Creative Leadership, 2023). Research shows that organisations with diverse executive teams are more prone to produce superior non-financial and financial performances and attain elevated holistic impact scores, encompassing social and environmental metrics. This alignment fosters resilience and adaptability while positioning firms to excel in a complex and competitive environment (McKinsey & Company, 2023). D. J. Snowden and Boone (2007) underscored the significance of sensemaking in senior leadership within dynamic contexts, elucidating this concept through the Cynefin Framework, which illustrates the management of complex and chaotic domains. Although a connection exists between the characteristics of top leadership, little work has examined how diversity affects the sensemaking in leadership, which is crucial for strategic decision-making in intricate situations (Urquhart et al., 2024).

These studies advance the business case for diversity in leadership; however, from an academic perspective, scholars have highlighted significant challenges, for example, Narayan et al. (2021) highlighted collaboration issues, Díaz-Fernández et al. (2020) raised the issue of conflicts and slower decision-making from a diverse top management team, and Hellerstedt et al. (2024) highlighted the tokenism aspect, when top managers from diverse backgrounds are incorporated to window dress with less authority to contribute to decision making, thus affecting their contribution to the sensing and sensemaking of the external business environment. The definition of diversity in business research tends to view diversity as gender and ethnicity inclusion and overlooks other dimensions, such as functional and cognitive, which may lead to overstating or understating the benefits of diversity (Centre for Creative Leadership, 2023; McKinsey & Company, 2023). These inadequacies from the business case impel the need for further research. This study aimed to contribute to the debate by providing insights and a stance on how TMT diversity (a broader view of diversity) influences the sensing and sensemaking of the external environment.

### 1.3 The Research Problem

From a theoretical perspective, the influence of TMT diversity on organisational dynamic capabilities, particularly the sensing mechanism of the business environment and the sensemaking of the sensed information, is underexplored, with contradictions appearing from various scholars. While various authors may have provided their definitions of TMT, the researcher adopted the definition of TMT by Krause et al. (2022, p. 1570): "The executives responsible to the CEO who meet regularly to develop organisational strategy and oversee its implementation." According to Roberson et al. (2017), a diverse TMT

with members from diverse backgrounds, cultures, experiences, expertise, and ideologies may lead to quality decisions. However, communication barriers, conflicts and alliances hinder the ability of the organisation to enjoy the benefits (Roberson et al., 2024; Samimi et al., 2022). The lack of convergence on how the diverse TMT influences the business creates difficulty in concluding the role of diversity in TMT sensing and sensemaking of the external environment, which is vital for business success (Teece, 2018; Urquhart et al., 2024).

These clear challenges impelled the need for further exploration of the TMT diversity's influence on the dynamic capabilities of the organisation, especially sensing and sensemaking. Drawing from Upper Echelons Theory by Hambrick & Mason (1984) TMT characteristics reflect on the business performance outcome, which is derived from the business's ability to manage complexity through integration, building and reconfiguration of internal and external competencies. TMT diversity encompasses functional, demographic, and cognitive differences that often influence strategic decision-making (Samimi et al., 2022). The dynamic capabilities concept rests on the sensing, seizing, and transforming decisions to manage turbulent environments (Pitelis et al., 2023). In the sensing of the external environment, the business gathers information and insights, as well as market signals, which the TMT must make sense of to seize or mitigate threats. Hence, sensing is the precursor of sensemaking, the two variables playing a key part in the deployment of dynamic capabilities. The fundamental influences of diversity in TMT cannot be overlooked, especially in businesses where the market is constantly changing, with sensing and sensemaking playing a pivotal role in allowing smooth alignment with market shifts. However, there is little literature to draw recommendations on the influence (negative or positive) of TMT diversity on sensing and sensemaking of the external environment.

The strategic decisions and organisational performances are reflected in the characteristics of the top management (Hambrick & Mason, 1984). The TMT diversity, especially cognitive diversity, has huge implications for how the TMT makes decisions that influence the strategic outcomes of the organisation (Zahra et al., 2022). The Upper Echelons theory focused on diversity aspects such as age and gender, with the broader TMT diversity less explored, particularly on how it influences decision making, especially those managing changes in the environment. Hence, this study aimed to add a perspective on the TMT diversity implications on dynamic capabilities, specifically sensing and sensemaking. A conceptual framework by Pitelis et al. (2023), on a theoretical relationship between managerial leadership, dynamic capabilities and organisational performance highlighted diversity in TMT as an antecedent of dynamic capabilities, which encompasses sensing, thus elevating the importance of diversity,

hence the essence of this study to explore the TMT diversity's interaction with sensing and sensemaking.

Further research is recommended by Pitelis et al. (2023) and Zahra et al. (2022) on the nature and role of the TMT structure in companies and how it influences dynamic capabilities. The diversity lens on TMT can help fill the gap on dynamic capabilities (sensing) antecedents and how it helps the actionability of dynamic capabilities in businesses in complex environments, such as international business. This research incorporates TMT diversity in the Dynamic Capability framework, highlighting the organisation's interaction through sensing and sensemaking of the external environment. This was emphasised by Teece (2020) when he referred to the dynamic capabilities of organisations as defining the managerial acts. There is a growing body of literature on TMT and dynamic capabilities; however, little literature has looked at the interaction of these two variables, thus creating a gap in how TMT diversity influences the creation and deployment, especially sensing and sensemaking, which is vital for decisive leadership (Pitelis, 2022; Pitelis et al., 2023). This raised the question as to whether TMT diversity positively or negatively influences sensing and sensemaking (Díaz-Fernández et al., 2020; Samimi et al., 2022), hence the need to explore further, as proposed by (Knight et al., 2024; Pitelis et al., 2023). Diversity fosters creativity, innovation, and a global outlook, essential for recognising opportunities in foreign markets and adapting to rapidly changing conditions (Pitelis, 2022). Nevertheless, there is limited literature regarding the interplay between TMT diversity and sensing and subsequently sensemaking of sensed data, despite the critical importance of both variables for company performance (Pitelis et al., 2023).

TMT diversity presents obstacles in collaboration; yet, data shows its advantages, including enhanced decision-making and inventiveness (Narayan et al., 2021). The intricacy of TMT diversity stems from its diverse manifestations (e.g., demographics, experiences, values, personalities) and the distinct tasks and duties of TMT members. Future studies ought to investigate the distinct effects of various diversity conceptualisations (Roberson et al., 2024). Current research primarily concentrated on either the overarching advantages of various dimensions of TMT diversity or the structural factors influencing sensing or sensemaking, without adequately synthesising these two areas of inquiry. Hellerstedt et al. (2024) proposed abandoning the linking of certain dimensions of diversity to the (negative/positive) influence on business, to focusing on broader diversity (holistic approach) as a variable to derive actual benefits of diversity to the business. Filling this literature gap is especially vital in businesses experiencing high volatility, where diverse TMT may provide unique benefits in managing market changes, hence the essence of this study.

In accepting the call to further study, the antecedents of dynamic capabilities (sensing), such as human capital (TMT diversity), from Pitelis et al. (2023). This research investigated the influence of TMT diversity on sensing and sensemaking of external markets, thereby addressing the existing literature gap. This is in line with recommendations by Roberson et al. (2024), for future studies to investigate the effects of various TMT diversity conceptualisations to better understand the advantages and negotiate the challenges of TMT diversity. While dynamic capabilities have broader variables, for this research, it is confined to sensing and sensemaking aspects of the external environment context. The study focused on top managers in companies in South Africa to explore how TMT diversity influences sensing and sensemaking of the external environment. Also, Weick (2020) proposed future studies to provide an understanding of how new meanings are constructed (sensemaking) and institutionalised during strategic change. This research accepted the invitation by providing another strategic lens by considering TMT diversity's influence on sensemaking. The study intended to answer the question: How does TMT diversity influence sensing and sensemaking of the external environment? Which emerged from the literature gap.

#### 1.4 The Research Purpose and Aims

The purpose of this qualitative study was to explore how TMT diversity influences the sensing and sensemaking of the external market. Specifically, the study aimed to understand how TMT diversity influences the sensing and sensemaking of the external environment.

By conducting in-depth interviews with senior executives (TMT) across diverse industries, this research aimed to uncover the mechanisms through which TMT diversity contributes to sensing and sensemaking of the external environment. The study intended to generate rich, contextual insights that explain the interaction between TMT diversity and sensing and sensemaking of the organisation to sustain business continuity through market alignment. In doing so, the research aimed.

- a) To examine TMT diversity's role in sensing market changes.
- b) To investigate how TMT diversity influences collective sensemaking during decision-making on matters about the external environment.
- c) To examine the benefits and challenges of a diverse TMT in achieving effective sensing and sensemaking.

#### 1.5 The Research Contribution

The Dynamic Capability Theory (DCT) originated from the work of Teece et al. (1997), which emphasised the organisation's ability to integrate and reconfigure resources and knowledge to manoeuvre complex and changing environments through sensing, seizing,

and transforming. Crucial to this theory is the organisation's sensing abilities, which involve gathering relevant data from the market and making sense of it (sensemaking) to make strategic decisions concerning the seizing of sensed opportunities. This study contributed to the DCT by considering the sensemaking aspect, which is currently silent in the theory. Yet, it plays a vital role, especially when leaders make sense of information and decide on future actions around seizing the opportunities. Pitelis et al. (2023) highlighted the importance of sensing and sensemaking in managing complexity, especially for organisations operating in rapidly changing markets. The focus on sensing and sensemaking was on how the business leaders gather data, insights and market intelligence and make sense of the information, achieve a collective understanding and adapt their resources to gain a competitive advantage (Zahra et al., 2022). The literature gap in how dynamic capability (sensing) interacts with its antecedents, such as TMT characteristics (diversity), to deliver performance for the organisation (Pitelis et al., 2023). Samimi et al. (2022) developed a strategic leadership framework that also recognised the role of diversity in the functioning of the TMT and sensing (dynamic capability). The study advanced Samimi et al.'s (2022) strategic leadership framework by offering in-depth insights into the role of TMT diversity in strategic leadership through its influence on sensing and sensemaking of the organisation to manage dynamic environments. Teece (2020) referred to dynamic capabilities as reflected in managerial daily acts and routines; hence, the study advances a link between sensing and sensemaking and TMT diversity within the broader Dynamic Capabilities.

From a business case perspective, most of the studies had looked at diversity in a narrow or one-dimensional such as gender or race, leaving the broader diversity unexplored (Novacek et al., 2023). A definitive stand position was achieved in spelling out exactly how the TMT diversity influences sensing and sensemaking in dynamic markets, i.e. external environment, helping organisations leverage diversity to stay abreast with market changes. Business research typically focuses on addressing specific organisational issues, which constrains its ability to make wider theoretical contributions, in contrast to academic research. The corporate financial interests in business research often influence business research, resulting in biased or predetermined findings, resulting in diminished objectivity compared to academic research, which typically emphasises impartiality and scientific integrity (Hair et al., 2020). Hence, this study provides academic research findings that are free from these challenges of business research.

## 1.6 Research Overview

This report is structured into seven chapters as follows:

- a) Chapter 1: Introduction

This chapter introduces the report by defining the research problem from both business and theoretical perspectives, establishing the rationale and foundation of the study.

b) Chapter 2: Literature Review

The chapter offers a detailed analysis of the existing literature on top management diversity, dynamic capabilities of sensing and sensemaking of the external environment and the conceptual framework emanating from the reviewed studies.

c) Chapter 3: Research Questions

It focuses on outlining and expanding the main research question and three sub-questions guiding the study.

d) Chapter 4: Research Methodology

It provides a detailed explanation of the research design and paradigm, including sampling approach, data collection methods and analysis techniques, ethical considerations and methodological limitations.

e) Chapter 5: Findings

It offers a thematic presentation of the research findings that are organised around research questions.

f) Chapter 6: Discussion

It compares the findings with the reviewed literature, highlighting areas of alignment and divergence to draw theoretical conclusions.

g) Chapter 7: Conclusion

It summarises the findings and highlights the business and theoretical relevance of the study, limitations and areas of further study.

# Chapter 2 Literature Review

## 2.1 Introduction

This literature review provides an analysis and synthesis of the existing literature on Top Management Team (TMT) diversity and sensemaking to find themes and frameworks and explore how TMT diversity influences sensing and sensemaking. The review provides the theoretical and empirical background necessary to understand the research problem and identifies gaps that this study seeks to address. The review is organised around three key constructs, namely TMT diversity, sensing and sensemaking. This chapter examines existing findings on the diversity and dynamic capabilities of sensing and sensemaking, as well as gaps in the literature and concludes by deriving a conceptual framework that underpins this study

## 2.2 Diversity

Diversity refers to the existence of variations within a specific context, including a broad spectrum of attributes such as gender, race, ethnicity, age, sexual orientation, physical ability, religion, socioeconomic status, and cognitive viewpoints (Narayan et al., 2021). On the other hand, Hellerstedt et al. (2024) looked at diversity as encompassing a broader spectrum of characteristics that categorise individuals into groups based on their similarities or differences.

Diversity encompasses differences, divisions, or variations among groups within an organisation, influencing its operations and outcomes. Individuals frequently examine gender, age, race, ethnicity, socioeconomic background, and birth order as main facets of diversity (Neely et al., 2020).

Diversity is the concept that people have different points of view, experiences, and traits that can make places better, encourage new ideas, and help people make better choices. People consider it a beneficial asset in groups and communities because it encourages equality, respect, and inclusion (Köllen, 2021). In organisational environments, diversity is regarded as a strategic asset that improves creativity, decision-making, and flexibility (Narayan et al., 2021; Ponomareva et al., 2022). However, the view from Hellerstedt et al. (2024) is of diversity, possibly indicating variation, segregation, or inequality among organisational groups, affecting organisational dynamics and results. Diversity in organisations is sometimes regarded as a double-edged sword, presenting potential advantages including enhanced perspectives, superior decision-making, and increased creativity, alongside disadvantages such as interpersonal conflicts and communication barriers. Efficient diversity management optimises advantages while mitigating disadvantages (Homborg & Bui, 2013).

### 2.2.1 Types of Diversity

Diversity in organisational settings is reflected in individual differences in attributes, experiences, and perspectives, especially within senior management teams. Diversity manifests in demographic, cognitive, and functional forms. Demographic diversity, including age, gender, race, and ethnicity, affects decision-making and organisational outcomes. Functional diversity denotes variations in professional backgrounds, expertise, and roles within a team, which promote innovation and facilitate balanced strategic risk-taking (Wang, 2023; Yuan et al., 2025). Cognitive diversity, encompassing differences in thinking styles, problem-solving methods, and intellectual viewpoints, contributes to increased creativity and adaptability (Narayan et al., 2021). Diverse perspectives collectively enhance decision-making processes and broaden viewpoints (Narayan et al., 2021; Wang, 2023). Below, we look at common dimensions of diversity and their manifestation in organisations.

#### 2.2.1.1 Demographic diversity

Demographic diversity includes gender, age, race, nationality, and ethnicity (Abatecola & Cristofaro, 2020). According to Köllen (2021) The individual traits and identities of a given population form its demographic diversity. These factors typically include employee age and gender representation, encompassing males, females, and non-binary persons, as well as race and ethnicity. Radu & Smaili (2022) highlighted the importance of gender diversity in the Boards of Directors of companies, suggesting that Boards with more women tend to have a positive impact on cybersecurity disclosure and other governance policies. Demographic diversity, also known as surface-level diversity, encompasses easily observable attributes such as age, gender, and nationality. These characteristics often lead to social categorisation and stereotyping, creating in-group and out-group dynamics within teams (Bengtsson et al., 2020). Such dynamics can trigger affective (emotional) conflicts characterised by distrust, frustration, and interpersonal clashes.

These conflicts reduce team cohesion, trust, and communication, making it harder for team members to collaborate effectively (Bengtsson et al., 2020; Ponomareva et al., 2022). As a result, surface-level diversity, if not appropriately managed, may negatively impact organisational capabilities, such as cooperation capability, by limiting the team's ability to steer complex and puzzling challenges (Bengtsson et al., 2020).

Language influences a person's interpretation of situations by offering cognitive instruments, including schemas, frames, and metaphors. These language components assist humans in interpreting and structuring information, allowing for the comprehension of events or actions (Vaara & Whittle, 2022; Whittle et al., 2023). Metaphors may link abstract concepts to familiar realms, adding understanding and communication. This phenomenon underscores the significance of demographic diversity, especially

geographic diversity with varying linguistic origins, in the sensemaking process at the top management team level (Whittle et al., 2023).

Representation and inclusion of persons from diverse backgrounds, comprising age, gender, race, nationality, religious beliefs, sexual orientation, and handicap status, symbolise demographic diversity within an organisation (Bengtsson et al., 2020). It is visible in workforce composition, recruitment strategies, leadership positions, and initiatives such as employee resource groups, diversity training, and mentoring programs. Organisations are setting up non-discrimination policies, work-life balance initiatives, and flexible arrangements to accommodate various requirements. These initiatives seek to promote inclusivity, equity, and improved intergroup interactions while tackling the distinct issues encountered by marginalised groups (Köllen, 2021).

### 2.2.1.2 Functional Diversity

Functional diversity refers to the degree to which people in an organisation engage across various functional domains, including sales, marketing, manufacturing, finance, human resources, research and development, and other specialised positions (Li et al., 2021). It encompasses the range of job functions inside a workplace and illustrates the diversity in task requirements and job responsibilities. Functional background diversity pertains to the degree of variation in the comprehensive functional experiences of team members. This diversity can enhance perspectives and resources for decision-making yet may also provide obstacles such as communication barriers or conflict (Bunderson & Sutcliffe, 2002; Li et al., 2021).

Organisations characterised by significant functional diversity get access to a broader array of knowledge, skills, and capacities, hence augmenting human and social capital and enhancing organisational performance (Li et al., 2021). Functional diversity is also mentioned in the context of team performance, where it can moderate the impact of demographic differences and enhance collaboration and innovation (Post et al., 2021).

Functional diversity improves problem-solving, strategic decision-making, and innovation by introducing different viewpoints and specialised knowledge to leadership or team situations (Wang, 2023). It is essential to organisational functions and aligns strategic goals with functional priorities. While functional diversity encourages creativity and exploratory innovation, it can also lead to problems such as working in functional silos, disagreements or slower decision-making if different points of view are not properly integrated (Krause et al., 2022). Overall, functional diversity is an important feature that drives organisational success and adaptation (Krause et al., 2022).

### 2.2.1.3 Cognitive diversity

Cognitive diversity refers to the variation in team members' knowledge, intellectual perspectives, and thought processes that result from their diverse life experiences and affiliations with distinct socio-cognitive categories. Exposure to diverse information sets and meanings shapes cognitive diversity, resulting in unique knowledge structures, understandings, and perspectives. Cultural background also plays a significant role (Narayan et al., 2021). Cognitive diversity can be referred to as deep-level diversity, which refers to less visible attributes such as education, specialisation, and work experience that impact the thought process of an individual. It enriches a team's cognitive base, fosters constructive task-related conflicts, and promotes rigorous debates (Bengtsson et al., 2020). These dynamics enhance decision-making, creativity, and problem-solving, positively contributing to organisational capabilities like cooperation capability.

Cognitive diversity in the organisational context, especially TMT settings, refers to the variations in beliefs, preferences, and perspectives concerning the strategic objectives and cause-and-effect relationships within an organisation (Ponomareva et al., 2022). Cognitive diversity does not manifest only through demographic or functional distinctions; it focuses on divergent perspectives on significant issues with substantial organisational implications. Cognitive diversity is especially pertinent in executive decision-making because it promotes the development of well-considered alternatives, encourages the development of multiple perspectives, and improves the quality of decisions by addressing complex and non-routine challenges (Olson et al., 2007).

### 2.2.2 Why Diversity Matters

Cognitive diversity in senior executives in business environments enhances creativity, adaptability, and the quality of strategic decisions through promoting creative idea production and organisational learning (Narayan et al., 2021). Nonetheless, it presents obstacles, including interpersonal disputes, diminished team cohesion, and delays in decision-making, frequently arising from divergent perspectives (Post et al., 2021). Although its effectiveness is amplified in dynamic settings characterised by robust interpersonal ties, organisational slack, and team interdependence, the dependence on demographic proxies to signify cognitive diversity has resulted in uneven outcomes. Organisations should prioritise direct evaluations of cognitive diversity, conduct qualitative research to reveal intricate mechanisms, and concentrate on essential moderating elements such as trust and psychological safety to alleviate adverse consequences (Miller et al., 2022).

Demographic diversity through building a sense of inclusivity enhances the group's information processing, innovation and strategic decision making; however, the gains

may come at a cost of group conflicts, such as negative social categorisation amongst team members, minimal cooperation and communication (Ponomareva et al., 2022). Sieweke et al. (2024) noted, the current literature places demographic diversity at the top of impacts on organisational performance; however, diverse perspectives from other forms of diversity have been highlighted as a source of adaptability to changes. The research by Kolev & McNamara (2022) found that gender diversity does not affect managerial reaction to performance. Sieweke et al. (2024) collaborated on the findings. Saeed et al. (2022) suggested otherwise, noting, women in senior management aid and strengthen the values and interests in environmental and sustainability issues, thus advancing strategic goals that develop sensing and enhance adaptability to the global sustainability agenda and climate challenges facing the business world. Radu & Smaili (2022) advance the Critical Mass Theory, which proposes the inclusion of at least three female members in the Board of Directors to achieve a positive impact on governance goals such as cybersecurity disclosures and transparency. The scattered literature focusing on one-dimensional aspects of diversity creates difficulty in articulating the holistic influence of diversity, especially since each dimension yields different findings in different contexts. This study approached diversity with a holistic view of influence in top leadership.

Wang (2023) observed that functional diversity positively influences forecasting accuracy in complex and unpredictable environments, highlighting its significance for dynamic capabilities that necessitate rapid organisational adaptation to environmental changes. In addition, extended tenure and functional diversity within the top management team (TMT) facilitate proactive engagement with organisational performance by promoting a balanced approach to strategic risk-taking, integrating both experienced perspectives and innovative ideas (Kolev & McNamara, 2022). The TMT functional diversity emerging from pay disparity may breed poor communication, conflicts, and the withholding of critical information necessary for the development and deployment of organisational dynamic capabilities such as sensing and sensemaking. On the contrary, the information management process is enhanced by functionally diverse top management teams that facilitate information sharing, leading to increased forecasting accuracy. This phenomenon is common in decentralised teams that utilise the expertise of their members. Functional diversity enhances collaboration and informed decision-making by incorporating diverse inputs from multiple experts, which is essential in uncertain environments (Wang, 2023). However, this may be countered by conflicts for resources along functional lines when choosing new directions (Narayan et al., 2021). Functional diversity can serve as a catalyst that influences the outcomes of demographic diversity, either positively or negatively. This is especially apparent during organisational restructuring activities, such as mergers and acquisitions, where the challenges of

demographic diversity can be minimised by the presence of functional diversity, which provides expert power and influence. Hence, functional diversity affects team and organisational performance results (Post et al., 2021)

Diversity offers advantages to businesses by improving decision-making, fostering innovation, and increasing adaptability; however, it also introduces various challenges that require effective management. These challenges encompass interpersonal conflicts, diminished team cohesion, and relational tensions, especially when there is no psychological safety and trust (Narayan et al., 2021). Cognitive diversity may hinder information elaboration because of disagreements and hot cognition, which restricts the integration of diverse perspectives in decision-making processes. Excessive ideological diversity can result in polarisation and communication failures, while fault lines and subgroup imbalances may intensify adverse impacts on team dynamics. Furthermore, demographic diversity often acts as an inadequate proxy for cognitive diversity, reflecting only a limited range of cognitive variations. To address these challenges, businesses must implement effective management practices that foster psychological safety, trust, and collaboration, ensuring the successful integration of diverse perspectives and mitigating potential conflicts (Miller et al., 2022; Narayan et al., 2021; Olson et al., 2007).

### 2.2.3 Diversity in the Top Management Team

The Upper Echelons Theory posits that the strategic decisions and organisational performance are influenced by the characteristics of the top management (Hambrick & Mason, 1984). The top management diversity, especially cognitive diversity, has huge implications for how they make decisions that influence the strategic outcomes of the organisation (Zahra et al., 2022). Drawing from the Upper Echelons Theory by Hambrick & Mason (1984), top management characteristics reflect on the business performance outcome, which is derived from the business's ability to manage complexity and influence strategic decision-making (Samimi et al., 2022).

Diversity in top management teams (TMTs) is evident in cognitive, demographic, and ideological aspects. Cognitive diversity is based on the variations in team members' viewpoints, convictions, and inclinations regarding organisational objectives and methods, often influenced by their socio-cognitive characteristics, including nationality, gender, functional specialisation, educational level, and age group (Ponomareva et al., 2022). Demographic diversity includes variables such as age, gender, nationality, professional experience, and education, which affect team dynamics and the thoroughness of decision-making. Ideological diversity includes variations in values and emotional inclinations, often assessed via political opinions on socio-economic matters (Miller et al., 2022; Narayan et al., 2021). Bengtsson et al. (2020) looked at diversity in the context of surface-level and deep-level, with surface-level diversity being the

observable attributes such as demographics, which may, if not managed properly may result in collaboration issues and social categorisation. On the one hand, Bengtsson et al. (2020) noted that the deep-level diversity is located in the unobservable, deep-laying diversity, such as work experience, perceptions, and how people interact or make sense of situations.

The various diversity dimensions jointly enhance the diversity of information, experiences, and perspectives inside TMTs, empowering them to tackle intricate organisational difficulties and adjust to evolving surroundings. The significance of diversity in top management teams resides in its ability to improve decision-making, foster creativity, and elevate organisational performance (Homberg & Bui, 2013). Cognitive diversity enhances creativity and flexibility by integrating diverse viewpoints, resulting in more comprehensive decision-making and proactive identification of strategic opportunities (Narayan et al., 2021). Although beneficial, diversity within TMTs poses issues that require proper management. Cognitive diversity may result in relational discord, behavioural fragmentation, and discontent, whilst demographic diversity can destabilise teams via subgroup formation, social categorisation and attrition. Excessive ideological views may invite polarisation and hinder communication, obstructing collaboration and creativity (Miller et al., 2022).

Cognitive diversity in the TMT is said to significantly influence innovation as it facilitates the team's understanding and response to market developments that lead to new ideas, notably through collective sensemaking. A TMT with members of various views, methods of thinking, knowledge, values, assumptions, and preferences can look at market data from different viewpoints and perspectives (Kanchanabha & Badir, 2021; Narayan et al., 2021). This diversity helps avoid decisions based on one viewpoint, hence the team can perceive opportunities and threats concurrently. Hence, helping the team to understand how complicated the market is. Making sense of confusing clues, or sensemaking, is a key aspect of this process because it assists the TMT in turning different viewpoints into valuable knowledge (Ann Glynn & Watkiss, 2020; Weick, 2012). By making sense of the sensed data, the TMT may minimise information asymmetry, fully understand strategic concerns, and uncover market dynamism and possibilities. The TMT may discover new ways of solving problems and adapt to changes in the outside world because they have a bigger picture and a better understanding achieved through collective sensing. This makes the organisation more competitive by giving it more possibilities to come up with new ideas, both big and small (Kanchanabha & Badir, 2021).

Functional diversity in TMT offers an array of knowledge and viewpoints, allowing the TMT to tackle intricate organisational issues and formulate comprehensive strategic decisions. For instance, including leaders from marketing, finance, operations, and other

departments guarantees that decisions reflect many aspects of the organisation, promoting creativity and adaptation (Li et al., 2021). Nonetheless, functional diversity incurs challenges, including potential disputes and communication problems among team members arising from divergent functional agendas and perspectives (Bunderson & Sutcliffe, 2002). These problems can affect decision-making efficiency and team cohesion, particularly if the TMT lacks robust integration structures or common objectives (Krause et al., 2022).

The key findings from Boone et al. (2019) is that top management's nationality diversity, especially in multinational companies, does not have a uniform effect on the business; rather, the impact is influenced by social relationship imbalances at the local and country level, though there is an acknowledgement of the diverse information's positive impact in expanding various locations. According to Roberson et al. (2024), demographic diversity enhances decision-making; however, collaboration issues can be navigated if effectively managed. The racial diversity tends to have a positive relationship with the organisational financial performance, with the effect based on the proportion of racial minorities in the management team. The influence of demographic diversity may be moderated by team dynamics and industry characteristics (Roberson et al., 2024).

Diversity enhances social capital by cultivating diverse social networks that fortify internal and external organisational relationships. Diversity in TMT is said to improve the quality of decision-making and the performance outcomes in environments characterised by psychological safety, collective organisational experience, and resilient interpersonal relationships (Narayan et al., 2021). The effects of diversity on organisational efficacy can initially be negative, as diversity impedes communication and interaction, thereby reducing the effectiveness of a team. To mitigate these disadvantages and optimise the benefits of diversity in TMT, it is essential to implement effective management practices, such as the cultivation of psychological safety, the establishment of trust, and the promotion of collective organisational experiences (Miller et al., 2022).

The intricacy of TMT diversity stems from its diverse manifestations (e.g., demographics, experiences, values, personalities) and distinct tasks and duties of organisational members. According to Roberson et al. (2024) future studies ought to investigate the distinct effects of various TMT diversity conceptualisations to leverage the benefits, such as sensing and sensemaking, that emanate from diverse perspectives and an enhanced pool of ideas. Current research has primarily concentrated on either the overarching advantages of various dimensions of TMT diversity or the structural factors influencing business performance, without adequately synthesising these two areas of inquiry. Hellerstedt et al. (2024) proposed abandoning the linking of certain dimensions of diversity to the (negative/positive) influence on business, to focusing on broader diversity

as a variable to derive actual benefits of diversity to the organisation. Hence, the study aims to explore how TMT diversity influences the team's sensing and sensemaking, which is vital for decision-making.

### 2.3 Sensing and Sensemaking

Sensing and sensemaking are essential elements of dynamic capabilities that help organisations handle and navigate complex, ever-changing business environments and markets. Sensing focuses on scanning and recognising external opportunities and threats, while sensemaking involves interpreting these situations and transforming the information into actionable insights through individual and collective interpretation (Pitelis et al., 2023; Urquhart et al., 2024).

Shared understanding is vital in strategy because it guarantees alignment, clarity, and collective commitment throughout the organisation (Fahey & Saint-Onge, 2024). It promotes coherence among teams, reduces silos, and helps individuals connect their roles to wider strategic aims (Malik et al., 2025). By clarifying the strategy's purpose, assumptions, and objectives, shared understanding improves decision-making, execution, and flexibility, especially in uncertain environments (Fahey & Saint-Onge, 2024). It reduces conflicts, encourages accountability, and fosters a sense of ownership, ensuring that resources and actions are aligned with strategic priorities. Leaders play a crucial role in developing shared understanding through open dialogue and collaborative sensemaking, which is essential for successful strategy development and implementation (Kurtz & Snowden, 2003; Weiser, 2021). This shared understanding can be achieved through collective sensemaking of sensed information, especially when developing a business strategy. Hence, it is vital to study the structural and human factors, such as TMT diversity, on the sensing and sensemaking in organisations.

#### 2.3.1 Sensing

Sensing is the foundation of Dynamic Capability Theory that enables organisations to identify, assess, and interpret changes in their external and internal environments. It is about scanning the market, monitoring competitors, understanding customer needs, and detecting emerging trends, technologies, and threats (Teece, 2018). Sensing is not limited to passive observation; it also includes proactive efforts to uncover weak signals for change and latent opportunities and anticipate disruptions before they materialise (Pitelis et al., 2023). This capability is deeply rooted in managerial cognitive skills, such as perception, attention, and pattern recognition, which allow leaders to filter and prioritise relevant information (sensemaking of the scanned data) amidst the noise of a dynamic business landscape (Pitelis et al., 2023; Teece, 2018). Thus, elevating the importance of sensemaking in achieving the dynamic capability of sensing.

Unlike sensing, sensemaking interprets and makes sense of data collected through sensing. Sensing collects data and identifies environmental signals, but sensemaking makes sense of them, organises them into actionable insights, and guides decision-making. Sensing and sensemaking help organisations adapt and innovate in dynamic markets. As an example, Sensing helps companies spot new client preferences and technology changes. Sensemaking guides firms in assessing trends, understanding their significance, and strategizing responses. These methods are necessary for organisations to stay competitive in dynamic and uncertain industries like the pharmaceutical industry, where rules, technology, and markets need to change quickly (Teece, 2018; Urquhart et al., 2024).

### 2.3.2 Sensemaking

Sensemaking is the process by which individuals and or groups understand and derive meaning from their experiences, especially in ambiguous or uncertain contexts (Weick, 2020). According to the founding theorist, Weick (2012), Sensemaking is the process whereby individuals or groups give meaning to issues or events that cause the real state of the world to differ from the expected state. Sensemaking from Weick's perspective is retrospective, cue extraction, plausible, and intersubjective, highlighting the building of shared realities to justify acts and facilitate coordinated efforts (Urquhart et al., 2024). It involves evaluating and structuring experiences to diminish ambiguity and gain understanding or mutual understanding in the case of collective sensemaking (Ann Glynn & Watkiss, 2020).

While Weick's sensemaking framework and definition are built on retrospective and cue extraction to derive meaning in uncertainty, the work of Dervin (1999) recognises sensemaking as viewing knowledge and information as actions rather than static objects, making a distinction between verb and noun, respectively. Approaching sensemaking as a dynamic process in which knowledge is understood as a time- and place-specific activity influenced by how individuals or groups interact with their situations (Dervin, 1999). Sensemaking from Dervin's perspective involves the filling of the gaps in understanding so individuals or groups can act, participate and move forward using the metaphor of time, space, movement, and gaps to explore how individuals navigate situations, make decisions, and evaluate outcomes (Urquhart et al., 2024).

Apart from the sensemaking frameworks and approaches from Weick and Dervin's work, the third perspective emerged from the work of Professor Snowden, which is rooted in complexity science, to explain the process of giving meaning to complex and uncertain settings (Urquhart et al., 2024). The approach's emphasis is on the contextual meaning emanating from the interacting elements that form a system. Snowden points out the significance of assessing circumstances and maintaining adaptability in decision-making

and further proposes the use of distinct strategies in various domains. While D. Snowden (2011) recognises the value of Weick's approach of a retrospective approach in finding meaning, David Snowden's sensemaking approach, on the other hand, questions retrospective coherence and instead focuses on comprehending the present and using experiments to adapt to changing circumstances (D. Snowden, 2011). D. J. Snowden and Boone (2007) developed the Cynefin framework, a sensemaking tool that helps individuals, especially leaders, interpret situations and categorise them in one of the five domains based on the nature of cause-and-effect relationships. The domains are as follows: simple, complicated, complex, chaotic and disordered, with each requiring a tailor-made approach. Through understanding these domains, Leaders can adapt their decision-making styles to address opportunities and challenges (D. J. Snowden & Boone, 2007). To manage fluid boundaries, navigate chaos, and transition between domains, sense-making in the Cynefin paradigm calls for comprehension and leadership adaptability. It is challenging to predict or mimic behaviours due to the complexity of human behaviour and ingrained thought processes; therefore, it requires adaptability and situation-specific solutions to strike a balance between order and chaos (Kurtz & Snowden, 2003).

Knight et al. (2024) extend Snowden's sensemaking theory by developing four atmospheric dynamics-related sensemaking styles, namely: Consolidating, Considering, Clashing, and Creating. These styles show how cognitive processes, physical interactions, and affective atmospheres influence collective sensemaking. Instead of Snowden's Cynefin framework categorising sensemaking by problem type or domain (e.g., simple, complicated, complex, chaotic) (D. J. Snowden & Boone, 2007) The study highlights the impact of relational affect and milieu on issue framing and interpretation. It adds nuance to Snowden's theory by demonstrating how bodily tonality, interaction patterns, and language use dynamically co-produce sensemaking styles. This suggests that sensemaking outcomes are not solely determined by the problem's characteristics, but also by the affective and embodied context in which sensemaking occurs.

### 2.3.3 Sensemaking theories

The three sensemaking theories of Karl Weick, Brenda Dervin, and David Snowden share common themes in focusing on how individuals or organisations interpret and make sense of their situations. However, there is no convergence in conceptual frameworks, methodologies, and, to some extent, applications.

Weick's (2020) sensemaking theory is more focused on organisations and how groups work together, as well as how meaning and action interact to create order. In a more individual-centred sense-making approach, Dervin (1999) focuses on the subjective, emotional, and contextual parts of sensemaking; on the other hand, Snowden (2011)

focuses on structured decision making based on situations, emphasising experimentation and a futuristic approach as opposed retrospective approach from Weick (2012). When put together, these theories give us several ways of looking at how people handle uncertainty and difficulty, which is useful for both individuals and businesses. Appendix 4 offers a full comparison of these theories.

Integrating the three theories of sensemaking, the meaning of sensemaking can be defined to mean interpreting situations, creating meaningful representations and utilising them to achieve understanding, which assists in planning, decision-making, problem-solving, and informed action (Urquhart et al., 2024). It entails the improvement of prior understandings, interpreting new data and situations, picking new patterns, and creating an organised knowledge of situations, problems, or domains (Snowden & Boone, 2007). This process typically involves elaborating, questioning, and reframing knowledge representations to enhance understanding. Sensemaking may occur either individually or collectively within groups or organisations (Zhang & Soergel, 2020)

#### 2.3.4 Locating Sensing and Sensemaking in Dynamic Capabilities

Path dependence is when historical decisions, routines, and self-reinforcing mechanisms limit an organisation's ability to adapt to new circumstances, leading to organisational inertia (Keller et al., 2022). This hinders the organisation's ability to sense the market and technological changes, thus undermining its dynamic capabilities (Teece et al., 1997). Top management collective sensemaking, which combines reflective reasoning and reflexive intuition, plays a crucial role in reducing this phenomenon (Snowden & Boone, 2007; Weick, 2020). Through deliberate analysis and sensing of the environmental signals, leaders can identify maladaptive resource reconfiguration patterns and initiate ad-hoc managerial action, which are non-routine interventions to disrupt self-reinforcing mechanisms (Keller et al., 2022). These actions may involve transforming or dissolving outdated capabilities, switching to alternative dynamic capabilities, or creating new ones. By leveraging collective sensemaking, the TMT can break free from path dependence and help the organisation adapt effectively to discontinuous changes, i.e., breakthrough innovation. Hence, sensing and sensemaking can be located in the dynamic capabilities of the organisation (Teece, 2020)

In the sensing context of dynamic capabilities, cognitive talents such as attention and observation enable managers to analyse the environment, discern emerging patterns, and spot opportunities or risks. Managers possessing heightened attention and awareness can more precisely detect changes in technology or client demand, facilitating swifter and more effective responses (Helfat & Peteraf, 2015). Additionally, Fahey & Saint-Onge (2024) Sensing and sensemaking are critical dynamic capabilities of the business in addressing ambiguity by detecting signals of change and creating shared

understanding through reflective dialogue and inquiry. These processes help fine-tune assumptions, identify gaps, and generate actionable insights (Fahey & Saint-Onge, 2024; Helfat & Peteraf, 2015). It is vital to appreciate the importance of the interplay between sensing and sensemaking, as this forms the foundation for the development and deployment of its dynamic capabilities in the quest for market relevance. Hence, sensing and sensemaking are crucial components that strategic managers have to deal with and can be influenced by the diversity of the TMT. Considering this, the study recognised the importance of diversity in TMT in sensing and sensemaking (Fahey & Saint-Onge, 2024; Helfat & Peteraf, 2015; Narayan et al., 2021).

#### 2.4 Linking TMT diversity to Sensing and Sensemaking

The diversity of TMT is intricately linked to the sensing aspect of dynamic capabilities. Sensing involves looking for and identifying market opportunities and risks, requiring a variety of perspectives, cognitive abilities, and insights (Teece, 2018). Sensing is a precursor to sensemaking as it involves detecting and gathering environmental cues such as sales data, consumer taste, etc. Without sensing, i.e. identifying relevant signals, there would be no data or trigger for the interpretive processes that define sensemaking. As such, sensing provides the raw material upon which sensemaking operates, particularly in volatile or uncertain environments. Sensemaking is vital in articulating the identified market opportunities and the decision-making process on which business opportunities to seize or ignore (Ann Glynn & Watkiss, 2020).

Sensemaking is intricately connected to dynamic capabilities, particularly during the sensing stage, which involves recognising external trends, risks, and opportunities (Teece, 2020). Dynamic capabilities highlight an organisation's ability to adapt to environmental shifts through processes of sensing, seizing, and reallocating resources (Teece, 2018). Sensemaking improves this by addressing the ambiguity of weak signals (unstructured and unclear) information that often appears in the business domain (Malik et al., 2025). Organisational actors interpret weak signals through sensemaking, turning them into actionable insights (Weiser, 2021).

Sensemaking acts as a critical information processing capability that helps app developer organisations overcome technological uncertainty. Soh & Grover (2022) noted that by fostering shared understanding and collaboration, sensemaking enables developers to navigate challenges, innovate effectively, and improve computer application performance in hypercompetitive environments. The sensing aspect involves identifying cues, signals, or patterns that may impact new product development or manage market change (e.g. app development or integration of platform boundary resources) (Soh & Grover, 2022; Teece, 2020). Sensing and sensemaking form a continuous feedback loop. Insights gained during sensemaking can inform further

sensing, helping developers refine their understanding and detect additional cues; hence, the composition of the TMT, especially diversity, has a significant influence as the organisation attempts to make sense of dynamic markets through sensing and sensemaking (Soh & Grover, 2022)

Diversity within the TMT enhances organisational ability by integrating diverse experiences, cultural backgrounds, and viewpoints, thereby promoting a better understanding of complex and dynamic external markets (Pitelis et al., 2023). Diversity fosters creativity, innovation, and a global outlook, essential for recognising opportunities in foreign markets and adapting to rapidly changing conditions (Pitelis, 2022). Nevertheless, there is scant literature regarding the interplay between TMT diversity and sensing and then sensemaking of sensed data, despite the critical importance of both variables for company performance (Pitelis et al., 2023).

Concerning TMT diversity, sensemaking, especially collective sensemaking, is essential as various leadership teams contribute distinct viewpoints, experiences, and interpretations to organisational difficulties (Cristofaro, 2022). This diversity can augment the sensemaking process by expanding the array of frameworks and interpretations, promoting novel solutions, and enhancing adaptation in intricate contexts. Nonetheless, it necessitates intentional efforts to amalgamate diverse perspectives into a unified comprehension to guarantee effective decision-making and organisational coherence (Weick, 2020). It is also important to note that collaboration issues and atmosphere within a diverse TMT may hinder collective sensemaking through collaboration issues and social categorisation due to diverse backgrounds (Homburg & Bui, 2013; Narayan et al., 2021)

Regarding demographic diversity, especially age, junior employees typically exhibit elevated fluid intelligence, encompassing skills such as abstract reasoning, attentiveness, and the processing of novel information, hence enabling them to effectively navigate novel situations and investigate diverse options in dynamic context, on the hand, older employees exhibit greater crystallised intelligence, characterised by accumulated knowledge, expertise, and adept judgement, which allows them to draw connections to past experiences and understand problems more holistically; thus, they excel in retrospective sensemaking (Ann Glynn & Watkiss, 2020). In contrast, younger employees are adept at employing a futuristic approach to sensemaking pertinent to complex and chaotic domains, as delineated in the Cynefin framework (D. J. Snowden & Boone, 2007).

#### 2.4.1 How TMT diversity shapes sensing and sensemaking

Sensing in dynamic capabilities refers to an organisation's ability to detect, recognise, and analyse changes, opportunities, and risks in its external environment. It entails tasks

including scanning the market, tracking technological changes, assessing customer needs, and analysing competitive dynamics (Farzaneh et al., 2022). Sensing is a proactive activity that helps organisations anticipate environmental changes and respond intelligently. The TMT plays a crucial role, as its composition determines strategic decision-making; hence, it matters. Drawing from various authors, Table 2-1 below depicts how sensing is influenced by the TMT dimensions of cognitive, demographic and functional dimensions.

*Table 2-1 The influence of diversity on sensing*

Cognitive diversity	Demographic diversity	Functional diversity
Future preparedness through sensing enhanced (Fergnani, 2022). Collaboration challenges in decision making (Narayan et al., 2021). Strategic change from change propensity (Abatecola & Cristofaro, 2020)	Conflicts arise during brainstorming plausible futures due to cultural, age, and national differences (Ponomareva et al., 2022). Sensing threats and opportunities more slowly due to collaboration issues (Sieweke et al., 2024). The women in TMT tend to advance ESG goals (Saeed et al., 2022)	Use of organisational history as a source of foresight development, Innovation adaptation by increased knowledge (Wang, 2023).

(Source: Author's own)

The relationship between TMT diversity and sensemaking is complex, encompassing both beneficial and detrimental characteristics. TMT diversity denotes the variations among senior leaders concerning demographic traits (e.g., age, gender, tenure, functional background) and cognitive qualities (e.g., viewpoints, opinions, and ideas) (Samimi et al., 2022). TMT diversity can be defined from the context of attribute variation within the TMT from various aspects such as educational background, functional experiences and demographic factors (Samimi et al., 2022). Díaz-Fernández et al. (2020) defined TMT diversity as the variety in characteristics such as demographic (age, educational, gender) and managerial experiences, such as functional expertise that exists in top management, which influences their decision-making.

Discursive practices refer to the methods through which language, communication, and various forms of expression are used to create, influence, and shape meaning in social interactions. These techniques utilise spoken or written language, symbols, and different communication methods to foster shared understanding, articulate concerns, and establish norms or ideologies within a specific setting (Vaara & Whittle, 2022). In TMTs,

discursive practices are vital for interpreting cues, framing issues, and creating shared meaning during the sense-making process (Knight et al., 2024; Vaara & Whittle, 2022). Power plays a crucial role in this process, as influential members utilise discursive strategies to dominate discussions and impose their preferred interpretations. Categories, such as formal meetings, shape who can participate and how contributions are legitimised, while the dominant discourse's pre-structured sensemaking reinforces common sense and obscures alternative perspectives (Vaara & Whittle, 2022). This emphasises the importance of understanding how power, especially (TMT dynamics) and language (diversity), influence decision-making, ensuring diverse perspectives are considered, avoiding blind spots, and fostering effective collaboration in leadership and organisational change (Whittle et al., 2023).

On the other hand, Kolev & McNamara (2022) looked at TMT diversity using the gender and tenure characteristics as sources of cognitive diversity. These variations in TMT members have a bearing on the collective sensemaking of the team. Sensemaking is the process by which individuals and teams evaluate and derive meaning from complicated or ambiguous events to inform organisational action (Weick, 2020). This process is embedded in the individual or team's background and characteristics, thus elevating the importance of diversity in collective or group sensemaking. It allows diverse TMT to construct shared meanings through communication and interaction, ensuring coordinated action despite differing viewpoints (Ann Glynn & Watkiss, 2020).

#### 2.4.1.1 Individual sensemaking to collective sensemaking

Collective sensemaking can be defined as how organisational members interpret events, identity claims, and external changes to form common ideas of their identity (shared understanding) (Cristofaro, 2022). The shift from individual to collective sensemaking through sensemaking and sense-giving recognises the interdependence of TMT members in achieving mutual understanding, thus elevating the importance of understanding TMT diversity in the sensemaking process (Ran & Golden, 2011). TMT members can utilise collective sensemaking to adapt to a changing environment and shape the organisational identity; hence, understanding the interaction of sensemaking and TMT diversity helps organisations leverage sensemaking to shape organisational identity (Whittle et al., 2023).

#### 2.4.1.2 Enhanced Information Elaboration

In the context of enhanced information elaboration, sensemaking denotes the process by which individuals or teams thoroughly engage with available information to interpret, analyse, and derive meaning from it. This entails linking different cues, honing interpretations, and synthesising insights to cultivate a cohesive comprehension of a situation or transformation (Weiser, 2021). On the other hand, TMT diversity brings varied

cognitive perspectives that can lead to richer information processing and broader exploration of ideas, which is critical for sensemaking in complex environments (Narayan et al., 2021). For example, functional diversity in TMTs can provide varied viewpoints that help interpret dynamic and uncertain situations (Wang, 2023).

#### 2.4.1.3 Innovation and Strategic Adaptability

Diverse TMTs are better resourced to recognise opportunities and innovate, as they bring different experiences and insights to the group (Farzaneh et al., 2022). This diversity can enhance proactive sensemaking, enabling organisations to adapt to changing environments effectively (Ann Glynn & Watkiss, 2020). Conflicts and slower decision-making from greater TMT diversity impact agility in seizing opportunities (Díaz-Fernández et al., 2020)

#### 2.4.1.4 Improved Decision Quality

While TMT diversity can lead to clashing sensemaking styles, effective management of these dynamics can breed constructive debate, ensuring that decisions are thoroughly reviewed and refined (Knight et al., 2024). Sensemaking styles, such as considering or creating, involving the exploratory and generative approaches, can help diverse TMT identify issues and devise solutions to complex problems (Knight et al., 2024).

### 2.4.2 Challenges and Moderators

#### 2.4.2.1 Conflict and Relationship Strain

Differences in perspectives and beliefs can lead to interpersonal conflicts and reduced cohesion within TMT (Miller et al., 2022). This can hinder the sensemaking process, as unresolved conflicts may disrupt communication and collaboration (Narayan et al., 2021).

#### 2.4.2.2 Atmospheric Dissonance

Diversity in member communication styles, emotional intelligence, and decision-making approaches may create dissonant moments in bodily tonality and interaction, with the possibility of disrupting the dominant atmosphere and making it harder to maintain a cohesive sensemaking process (Knight et al., 2024).

#### 2.4.2.3 Slow sensemaking process

A more diverse team may result in collaboration issues that may slow down the sensemaking process, which then may impact the quality of the decision being made (Sieweke et al., 2024). Social categorisation that may result from demographic diversity may also slow the sensemaking, with members advancing their social beliefs over common goals (Hellerstedt et al., 2024)

#### 2.4.2.4 Contagion Effect and Groupthink

Emotional and cognitive contagion is the scenario where an individual hooks into the sentimental mental models and perceptions of the other, occasionally consciously or unconsciously. This can spread affective states and mental models among individuals and teams, impacting collective sensemaking. This may happen with or without the intention of the members (Cristofaro, 2022). In the context of diverse TMT, those dominant members tend to get their ideas through emotional and cognitive contagion. When making strategic decisions with far-reaching consequences, a diverse team should look out for this phenomenon to achieve objective sensemaking.

Groupthink is a spectacle where team members prioritise harmony, consensus, and agreement over analytical thinking and considering opposing viewpoints (Neck P. C. & Moorhead G., 1995). Groupthink occurs when individuals within a group value conformity at the expense of articulating their own viewpoints or engaging in critical analysis (Green & Luong, 2023). In such cases, individuals conceal opposing opinions and conform to the majority, thus possibly resulting in biased decision-making and suboptimal outcomes (Damanik & Wening, 2024).

This situation may create a detrimental atmosphere that suppresses creativity and innovation, leading individuals to feel alienated and reluctant to express their concerns. Usually, groupthink results in the group ignoring viable options or potential risks, as members are reluctant to challenge the majority view or express differing opinions (Damanik & Wening, 2024).

Usually, the quality of the leader influences the ability of the teams to effectively overcome groupthink (Damanik & Wening, 2024) this can be achieved through encouraging open communication, using experts in complex matters and adopting norms that allow diverse views to flourish.

#### 2.4.2.5 Organisational Policies and Culture

Human Resources should cultivate an environment of equity in which middle managers are empowered to challenge and impact senior decisions. This collaborative methodology augments the sensemaking process and fosters trust and involvement (Kieran et al., 2022). Human Resources must facilitate ongoing alignment between executives and middle managers by promoting regular re-evaluation and re-prioritisation of strategic transformation initiatives. This eliminates mixed messages and facilitates effective sensemaking (Kieran et al., 2022). Organisational culture provides the domain within which sensemaking happens, providing the influence on how individuals interpret events, construct their identities, handle conflicts, and learn from experiences (Means & Mackenzie Davey, 2023). This highlights the importance of critically examining

organisational culture to ensure it supports adaptive sensemaking, fosters innovation, and addresses power dynamics in multicultural teams.

#### 2.4.2.6 Role of the Chief Executive Office in the TMT diversity dynamics

The Chief Executive Officer (CEO) usually rely on the expertise of TMT members to acquire and analyse external information, i.e. sensing and sensemaking. When the CEO is confident in the team's expertise, this encourages open dialogue that enhances collective understanding of external challenges and opportunities. Trust reduces anxiety among team members and enhances confidence, facilitating diverse viewpoints that assist in addressing strategic issues of the business. Team meetings with collaborative and diverse viewpoints tend to enhance comprehension, especially when they are psychologically secure. Team members participate in substantive debates and foster consensus by distributing decision-making tasks and transcending superficial differences from diversity, especially when the CEO trust the team. Team members are urged to express their viewpoints, resulting in a more thorough understanding of external dynamics. The CEO plays a crucial role in ensuring the team meetings are productive by creating an atmosphere of openness (García-Granero et al., 2018). Also, the study by Yuan et al. (2025) emphasised the significance of mature leadership in navigating tensions and contextual factors that influence collaborative dynamics in decision-making by deliberately intensifying or mitigating tensions to foster collective sensemaking or understanding. Therefore, leaders must analyse these conflicts and modify their behaviours accordingly, influencing the course of collaboration.

### 2.5 Empirical Evidence and Gaps in Literature

In the context of the study, Table 2-2 below is the empirical evidence that exists to explain the interface of TMT diversity and sensing and sensemaking.

*Table 2-2 Explanation of the interface among team diversity, sensing and sensemaking*

Author(s)	Method	Key findings
Knight et al. (2024)	Qualitative	The research shows that the atmosphere significantly influences collaborative sensemaking approaches in strategy-making workshops. Four predominant atmospheres, namely relaxed-calm, tense-sharp, pensive-serious, and excited-buoyant, facilitate unique sensemaking methods, affecting the framing and interpretation of situations, especially on TMT engagements. There is no clear understanding of the role of TMT diversity or the CEO in creating a conducive atmosphere for collective sensemaking.

Author(s)	Method	Key findings
Vaara & Whittle (2022)	Literature review	The study develops a critical discursive framework to understand how power (TMT) functions within organisational sensemaking through language and discourse. It identifies three layers of discursive power: the strategies employed by actors to influence others, the genres that facilitate or restrict participation, and the discourses that pre-structure sensemaking and embody ideological assumptions. These processes lead to three outcomes: common sense (reproducing domination), new sense (challenging power structures), and non-sense (dismissing alternatives) meanings).
Dervin (1999)	Qualitative and Quantitative	The author introduces the Sense-making methodology, which views knowledge as a dynamic, evolving activity knowledge as a verb rather than a static commodity. It emphasises understanding users' needs by focusing on their situational movement, gaps, emotions, and power dynamics. Key findings include the importance of user-centred insights, the predictive power of situational contexts, and the role of emotions in sense-making.
Brown et al. (2015)	Literature review	Sensemaking is found to be a process by which individuals and groups interpret ambiguous events to construct realities, focusing on themes like discourse, power dynamics, micro-macro processes, identity, and decision-making that are vital in a TMT.
Narayan et al. (2021)	longitudinal panel data analysis	The importance of diversity in TMTs for fostering innovation, with the warning that its benefits depend on team longevity and effective collaboration.
Abatecola & Cristofaro (2020)	Mixed methods, i.e. qualitative and quantitative	In the context of Upper Echelons Theory, the growing importance of psychological and cognitive moderators in shaping decision-making processes and strategic choices within dominant coalitions thus highlights the importance of TMT diversity and collective sensemaking.

Author(s)	Method	Key findings
Weick (2020)	Literature review	Sensemaking is portrayed as an ongoing accomplishment, a continuous process where individuals create and sustain reality by interpreting flux and constructing meaning retrospectively. Sandberg & Tsoukas (2015) criticised the process of retrospectively as it overlooks the futuristic domain, which is key in dealing with uncertainty. A diverse TMT may assist in avoiding a one-dimensional making process (Zahra et al., 2022).
Pitelis et al. (2023)	Literature review	Recognise sensing as the key dynamic capability of an organisation. Proposed a new conceptual framework to look at dynamic capabilities and incorporated the TMT structure as an antecedent for dynamic capabilities. Suggested further research on dynamic capabilities and interaction with antecedents such as TMT. While sensing is located in dynamic capabilities, the role of sensemaking in dealing with sensed information within structures such as TMT is not defined.

(Source: Author's own)

While there is significant literature on both TMT diversity and sensing and sensemaking, and recognition of their influence in decision making that has far-reaching consequences in an organisation, there is little literature that investigates how the two interact. Strategic management can benefit from sensemaking styles and atmospheric dynamics, especially in the setting of TMTs. The work of Knight et al. (2024) emphasises the need to foster effective cooperation among leadership teams by recognising how embodied interactions and relationship dynamics influence collective sensemaking. This brings the importance of understanding how TMT diversity influences sensemaking, which is vital for strategic decision-making and organisational performance at large. The work of Knight et al. (2024) focused on sensemaking styles, for example, (Considering for tentative inquiry) and (Clashing for entrenched debates), which help explain how TMTs handle ambiguity and conflict. Knight et al. (2024) highlight a need for further studies on how (for example, TMT diversity) influences emotional valence in sensemaking. They suggest that diverse TMTs, with varied cultural and professional backgrounds, may challenge traditional views of emotional valence by introducing nuanced affective dynamics that shape sensemaking styles. This research will answer the call by Knight et al. (2024) by exploring how diverse TMTs influence the sensemaking outcomes (e.g., the atmosphere of strategy workshops, enabling or constraining). Furthermore, it can be

investigated further whether shifts, such as issues (e.g., diversity) encountered by teams (e.g., TMT), affect atmospheres and sensemaking styles (Knight et al., 2024).

Also, Weick (2020) proposed future studies to provide a more comprehensive understanding of how new meanings are constructed and institutionalised during strategic change. This research accepts the invitation by providing another strategic lens by considering TMT diversity's influence on sensing and sensemaking.

Current research has primarily concentrated on either the overarching advantages of various dimensions of TMT diversity or the structural factors influencing business outcomes through managerial decision making, without adequately synthesising these two areas of inquiry. Hellerstedt et al. (2024) proposed abandoning the linking of certain dimensions of diversity to the (negative/positive) influence on business, to focusing on broader diversity as a variable to derive actual benefits of diversity to the business performance. This study adopts a holistic view of TMT diversity to understand how diverse backgrounds and perspectives influence TMT sensemaking in decision-making.

The existing literature has not provided theoretical frameworks on the influence of TMT diversity on sensemaking processes, despite the increasing interest in the function of TMTs in shaping organisational responsiveness. In strategic management research, sensemaking (the interpretive production of meaning using a dynamic knowledge approach from Dervin (1999) approach or interpreting cues retrospectively, as proposed by Weick, and the use of the Cynefin model by D. J. Snowden & Boone (2007) to make sense of situations) and sensing (the detection of external cues and market signals by Teece et al. (1997)) are sometimes seen as synonymous (Knight et al., 2024; Teece, 2018). This simplicity disregards Weick's (2011) theory of sensemaking, which is intricate and socially ingrained, requiring active interpretation, negotiation, and framing by leadership figures. The dynamic capabilities framework by Teece et al. (1997) highlights the importance of recognising opportunities and challenges; however, it seldom addresses the collective cognitive processes that enable different top management teams to interpret those signals amid uncertainty, i.e. sensemaking (Weick, 2020). This study is justified as it addresses the theoretical gap by examining how TMT diversity distinctly influences sensemaking while acknowledging the conceptual differences between sensemaking and sensing.

Ponomareva et al. (2022) proposed further research to understand the cross-national differences in non-Western countries' set-ups and religion, suggesting that a new phenomenon may arise on how cultural diversity in TMT influences organisational performance, especially in the context of TMT and the sensing and sensemaking processes. The research by Pham & Lo (2023) done using quantitative data analysis of a single year (2016) from databases and using Western culture, highlighted the need for

further research on another culture and using qualitative data to provide a new lens in viewing TMT diversity's influence on organisational performance. Roberson et al. (2024) called for further research to explore the specific impact of different diversity conceptualisations on harnessing the benefits and navigating the challenges of TMT diversity. This study follows the suggestion by Roberson et al. (2024) and adopts a qualitative approach to build insights on how TMT influence the sensing and sensemaking process.

## 2.6 The Conceptual Framework

Drawing on the literature on TMT diversity and sensemaking, the researcher developed a conceptual framework to define the relationships between TMT diversity and sensemaking within the team, while acknowledging the distinction between sensing and sensemaking.

This study adopts a conceptual framework that positions TMT diversity as a driver of organisational decision-making in uncertainty through two vital sequential processes of sensing and sensemaking. TMT diversity, encompassing cognitive, functional, and demographic aspects, is hypothesised to influence the scope and extent of environmental scanning for weak signals and shifting consumer tastes, i.e., sensing by enabling access to diverse information sources and increasing sensitivity to market shifts. However, the mere detection of signals in the market is insufficient; TMT must engage in sensemaking to collectively interpret, analyse, and frame the meaning from those signals. Hence, the composition of the TMT is vital for the sensemaking outcomes. Sensemaking within a diverse TMT involves negotiating diverse mental models, perspectives, and assumptions to construct a collective understanding that guides strategic response (Knight et al., 2024). This framework highlights the distinction between sensing and sensemaking while defining the role of TMT diversity in shaping both the discovery and interpretation of strategic stimuli in decision-making. The framework recognises the fact that there are moderators that impact the influence of TMT diversity on sensing and sensemaking, namely organisational culture, policies, TMT atmosphere and groupthink. This is summarised in Figure 2-1.

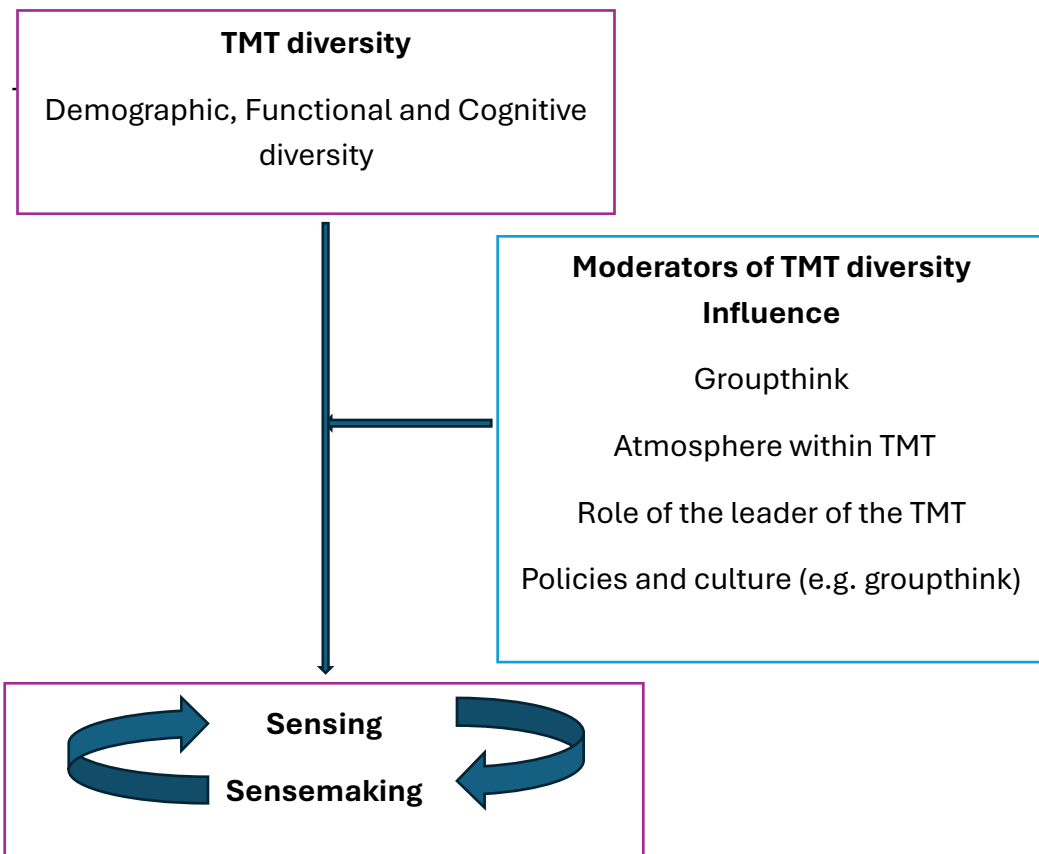


Figure 2-1 Schematic presentation of the conceptual framework

(Source: Author's own)

This conceptual framework draws from theoretical gaps in the existing literature, which seldom separate sensing and sensemaking, and it also explains the relationship between how TMT diversity influences group cognition. The framework uses dynamic capabilities theory and sensemaking theory to show how a diverse TMT helps a company deal with uncertainty by contributing to signal recognition (sensing) and interpretive alignment (sensemaking) (Knight et al., 2024; Teece et al., 1997). It also assists in exploring how TMT diversity can better handle uncertainty through sensing and sensemaking. The conceptual framework recognises that sensing and sensemaking form a continuous feedback loop, i.e. insights gained during sensemaking can inform further sensing, helping TMT refine their understanding and detect additional cues through sensing. Hence, the composition of the TMT, especially diversity, has a considerable influence as the organisation attempts to manage dynamic markets through sensing and sensemaking (Soh & Grover, 2022)

## 2.7 Conclusion

To conclude, the literature review has investigated the critical components of sensing, sensemaking and TMT diversity, the relationship that exists between them, and the potential influence of TMT diversity on the sensing and sensemaking of the external

market. While a growing body of literature exists, significant gaps remain, as well as a lack of literature that explores the interaction between TMT diversity (as part of human capital) and the sensemaking of the business environment. (Pitelis, 2022; Pitelis et al., 2023).

According to Roberson et al. (2017) a diverse TMT with members from diverse backgrounds, cultures, experiences, expertise, and ideologies may lead to more informed and quality decisions. However, communication barriers, conflicts and alliances hinder the ability of the organisation to enjoy the benefits (Roberson et al., 2024; Samimi et al., 2022). The lack of convergence on how the diverse TMT influences the business creates difficulty in calling out the benefits of diversity. At the core of the TMT strategic decision-making is the sensing and sensemaking process, which entails shifting from individual sensemaking to collective sensemaking that would bring shared understanding and organisational identity (Cristofaro, 2022; Ran & Golden, 2011). The absence of a deep understanding of the interaction of TMT diversity and sensing and sensemaking lies a missed opportunity to leverage diversity in TMT for business growth through shared identity.

The review covered the theoretical gap regarding the interaction between TMT diversity and the sensing and sensemaking processes within the external environment. It investigates how TMT diversity influences this process. The gaps in the literature raise a question: How does TMT diversity affect the sensing and sensemaking of the external environment?

# Chapter 3 Research Questions

## 3.1 Introduction

To understand the influence of TMT diversity on sensing and sensemaking of ever-changing markets. This study helped address emerging questions from the literature gaps and contributed to the body of knowledge. This research emanated from the invitation from Pitelis et al. (2023) and Roberson et al. (2024) to explore dynamic capability (i.e. sensing), and the relationship with its human antecedents, such as TMT diversity, to enhance an organisational futuristic approach that can be traced to the response to the external environment.

Knight et al. (2024) called for further studies on how, for example, TMT diversity influences emotional valence in sensemaking. They suggest that diverse TMTs, with diverse cultural and professional backgrounds, may challenge traditional views of emotional valence by introducing nuanced affective dynamics that shape sensemaking styles. This research will answer the call by Knight et al. (2024) by exploring how diverse TMTs influence the (e.g. the atmosphere of strategy workshops, enabling or constraining) sensemaking outcomes. And can be through further investigating whether shifts like issues (e.g. diversity) encountered by teams (e.g. TMT) affect atmospheres and sensemaking styles (Knight et al., 2024).

The gaps in the literature have left the question to be answered:

How does TMT diversity influence the sensing and sensemaking of the external environment?

The question may also help collaborate or give new insights into the business research findings by McKinsey & Company (2023) which finds that by leveraging diverse insights, organisations can anticipate shifts in consumer behaviour, regulations, and technology and align the organisation accordingly.

## 3.2 Research Question 1

How does diversity within TMT contribute to sensing the external market?

Most scholars have identified diverse knowledge and quality decision-making as coming from a diverse team. The question above will help with insights on the role of diverse expertise in sensing market shifts, thus drawing from Roberson et al. (2024) recommendation to further explore the TMT diversity under different conceptualisations to harness the benefits of diversity.

### 3.2 Research Question 2

In what ways does the diversity of TMTs influence the interpretation of perceived information to facilitate collective sensemaking?

The research question aligns with the research aim of understanding the influence of TMT diversity on the sensemaking process of the sensed data and information about the external market. Knight et al. (2024) called for further studies to understand how sensemaking can be influenced by the atmosphere within structures, such as diversity within TMT. The question above will help in answering how collective sensemaking is influenced by the cognitive contagion effect and groupthink, which occur during TMT sensemaking of sensed data.

It is about scanning the market, monitoring competitors, understanding customer needs, and detecting emerging trends, technologies, and threats (Teece, 2018). Sensing is not limited to passive observation; it also includes proactive efforts to uncover weak signals for change and latent opportunities and anticipate disruptions before they materialise (Pitelis et al., 2023). This capability is deeply rooted in managerial cognitive skills, such as perception, attention, and pattern recognition, which allow leaders to filter and prioritise relevant information (sensemaking of the scanned data) amidst the noise of a dynamic business landscape (Pitelis et al., 2023; Teece, 2018).

### 3.3 Research Question 3

What are the benefits and challenges of TMT diversity in enabling effective sensing and sensemaking?

While sensing is the precursor of sensemaking, it is also the enabler of the transition from sensing to seizing, as articulated by Teece et al. (1997) dynamic capability theory. Sensemaking enables the transition from sensing to the seizing stage, as the organisation attempts to exploit opportunities or mitigate risks detected in the market. This question helps understand the benefits and challenges of a diverse TMT in achieving effective decision-making (i.e. the influence on achieving collective sensemaking) that is needed for strategic responsiveness.

### 3.4 Conclusion

This chapter has expanded on the three research questions that informed this study. They directly emerged from the identified gaps in existing literature. These questions sought to investigate the underexplored connection between TMT diversity and the organisational process of sensing and sensemaking. In other words, they focused on exploring how various forms of team diversity support market sensing and sensemaking. In other words, they wanted to establish how team diversity contributes to collective

market scanning and how different perspectives shape shared interpretations, and how diversity impacts an organisation's ability to respond effectively.

# Chapter 4 Research Methodology

## 4.1 Introduction

This chapter offers a detailed overview of the research methodology, including philosophical assumptions, research design, data collection methods, and analysis techniques that support this qualitative study. With the research being exploratory, a qualitative approach was suitable for gaining in-depth insights into the experiences, perceptions, and strategic actions of TMT members within organisations (Creswell & Creswell, 2023). This section also explains the sampling method, addresses ethical considerations, and discusses methodological limitations.

## 4.2 Research Philosophy

The interpretivist paradigm was chosen in this study to enable a focus on understanding how individuals create social meaning and to interpret their experiences within specific contexts. Rooted in hermeneutics, phenomenology, and symbolic interactionism, this paradigm sees reality as fluid and socially constructed through human interactions. The emphasis of the study was to study diversity among TMT members as a phenomenon which will be explored from the perspective of the research participants' lived experiences (Muzari *et al.*, 2022:15). Consequently, it prioritises participants' perspectives, emphasising subjective meanings and lived experiences rather than applying external frameworks (Fossey *et al.*, 2002).

The choice of interpretivism was properly aligned with the objective of understanding how diverse top management teams perceive, interpret, and respond to dynamic market environments through sensing and sensemaking. Interpretivism acknowledges that reality is socially constructed and subjective, making it suitable for exploring complex organisational phenomena such as sensing and sensemaking. Through adopting this paradigm, the research seeks to capture the multiple meanings and interpretations that emerge from the experiences and interactions of TMT within their specific organisational contexts (Basias & Pollalis, 2018). The philosophical stance, i.e. interpretivist, justifies the use of qualitative research methods, where the emphasis is placed on depth of understanding rather than generalisability, which allows the researcher to uncover nuanced insights into the (sensing and sensemaking) influenced by TMT diversity (Creswell & Creswell, 2023).

The worldview, i.e. beliefs that inform action and the ultimate choice of interpretivism, was guided by the researcher's belief that humans seek understanding of their environment and develop subjective insights from their experiences. The interpretivism epistemological approach is based on the idea that knowledge is derived from everyday meanings and concepts, and the researcher aims to translate socially constructed meanings into scientific language. This choice fits well within the aim of this study which sought to explore, understand,

and clarify a problem through deeper insights gained from data analysis (Basias & Pollalis, 2018).

The researcher looked for a broader meaning as opposed to a narrow view, based on how the participants view the situation. In the case of this study, the views of TMT participants on diversity's influence on the sensing and sensemaking processes (Creswell & Creswell, 2023). The researcher took a stand as an interpretivist in trying to gain insights from the participants to understand how the TMT diversity influences the organisation's ability to sense and make sense of the market. The researcher, after considering the aim of the research, found the perceptions, meaning and views of TMT participants to be fundamental in obtaining an understanding of TMT diversity's influence on sensing and sensemaking. To obtain insights and perceptions from TMT members and why they make certain decisions (sense and make sense of situations), a qualitative approach is ideal (Ketchen et al., 2008).

#### 4.3 Research Design

The research design for this study is qualitative in nature. This choice is appropriate for this study as qualitative research methods are generally used to address questions about experience, meaning, and perspective, often from the participant's viewpoint (Hammarberg et al., 2016). As a result, the choice of a qualitative research method to explore how the diversity of TMT influences organisational sensing and sensemaking in dynamic environments proved to have been appropriate in this study. This choice allowed for an in-depth understanding of human experiences, perceptions, and interactions within their real-world organisational contexts. Through this method, the study uncovered the thoughts, perspectives and meanings TMT members attached to diversity within their teams and how it shapes strategic cognition and responsiveness through sensing and sensemaking. The flexibility of qualitative research enabled the researcher to capture rich, detailed narratives that are essential for understanding complex social phenomena such as leadership decision-making and collective interpretation processes (Creswell & Creswell, 2023). This approach aligned with the interpretivist philosophical stance and supports the use of semi-structured interviews as the primary data collection tool.

The approach was cross-sectional research, and it entailed studying a phenomenon at a specific period (Creswell & Creswell, 2023), and this resulted in the unearthing of a deep understanding of the phenomenon from the perspective of various individuals from different organisations at the same time. This approach was also used by other scholars, like Zahra et al. (2022) that explored and developed action-based dynamic capability theory using case studies in companies from various European countries that involved understanding the sensing aspect of dynamic capabilities. Weiser (2021) used a qualitative method to investigate

the role of sensemaking in strategic change and included interviewing twenty TMT members to deepen understanding of sensemaking and sense giving. A thematic analysis was included in the interview protocol to incorporate emergent themes.

According to Eisenhardt (1989) an intangible and multidimensional construct, such as TMT diversity, context-dependent sensing and cognitive sensemaking requires in-depth, interpretive insights rather than quantifiable data and incorporates emergent themes and phenomena that may contribute to the literature. Thus, this study employed a qualitative approach.

#### 4.3.1 Population

The targeted population of this study comprised members of TMT within medium to large organisations operating in South Africa. This population choice is because individuals in TMT roles are centrally involved in strategic decision-making and are directly responsible for navigating organisational responses to environmental changes. The study was anchored in TMT members, such as executives and other top-level managers, who have cross-functional responsibilities and strategic oversight. These individuals will provide valuable insights into how diversity within the TMT influences the team's ability to sense emerging opportunities and make sense of complex information and dynamic environments. By focusing on medium to large organisations, the study engaged participants who are considered to have sufficient organisational scale and complexity to yield rich, meaningful data, understanding and experiences aligned with the research aims. The population setting for qualitative research entails the selection of individuals capable of offering comprehensive insights into the topic under investigation (Basias & Pollalis, 2018). The population of interest was top managers in organisations with diverse TMT, particularly those involved in deciding the strategic direction in dynamic environments where the market is changing. The study was situated in the top management of organisations that are actively involved in dynamic offerings, such as tangible products, as these contexts are highly relevant for exploring dynamic capabilities.

Why this setting:

- a) Organisations in these sectors often face constant change and must rely on dynamic capabilities, especially sensing.
- b) TMT in these environments is more likely to prove visible impacts of diversity on strategic actions.

The population of the study was the group of top managers in companies in South Africa, which is in line with getting insights, views and understanding from TMT participants on diversity, sensing and sensemaking. The researcher included TMT participants with different demographic, cognitive and functional backgrounds in line with exploring different

insights from diverse TMT. The focus on South African companies is due to convenience and accessibility to conduct the study.

#### 4.3.2 Sampling Strategy

Qualitative research adopts a strategy of purposeful sampling to choose the participants that aid the researcher in understanding the research problem or research questions (Creswell & Creswell, 2023). Consequently, the study adopted the purposive sampling method, whereby it targeted approaching TMT members in organisations that are composed of at least four members. The researcher used his experience in directly servicing various companies in various sectors in South Africa to determine the organisations that are suitable to provide a sample. This strategic choice is aligned to the application of purposive sampling as Johnson, Adkins and Chauvin (2020) argue that in purposive sampling, researcher use their own judgment to select participants based on the relevance of their experience to the study.

Purposive sampling is adopted to ensure that those participating hold executive or senior positions that influence the strategic direction of the organisation. This purposively targeted those who are knowledgeable in the running of the organisation and can answer questions and provide insights on the research problem (Basias & Pollalis, 2018). Recruiting participants involved direct outreach using professional networks and organisational collaboration. The study recruited twelve participants. Lower sample size is recommended in qualitative studies compared to quantitative research designs Turhan, 2019). While (Subedi, 2021) argues that the determination of the actual sample size in qualitative research is debatable, Turhan (2019) guides that the typical sample size in phenomenological studies ranges from one to ten participants. As demonstrated in this study, Subedi's (2021) asserts that larger samples are not conducive to an in-depth understanding of the phenomenon. With a sample of twelve participants, the study was able to collect an adequate volume of data that contributed to answering the research question.

#### 4.3.3 Unit of Analysis

The choice of unit of analysis was guided by the research objectives, in this case, getting insights from top managers (Basias & Pollalis, 2018). The primary unit of analysis is the top managers in the organisation because the study was on individual-level perspectives and insights. Usually, in interview-based research, the unit of analysis often centres on individual viewpoints, encompassing the personal perspectives, experiences, and insights articulated by each participant (Kapur, 2018). Hence, the unit of analysis was at the individual level of TMT participants. These opinions were examined to understand how individuals see, interpret, and react to particular topics or events. Each participant's response was considered as an individual unit, enabling researchers to investigate the diversity of thoughts, emotions, and

attitudes within the study. Through the analysis of different perspectives, the researcher distinguished distinct viewpoints, prevalent themes, and patterns that enhanced comprehension of the topic (Aspers & Corte, 2019). The methodology underscored the significance of encapsulating the depth and intricacy of individual narratives, guaranteeing that every voice is acknowledged and esteemed in the examination. Direct quotations from participants often served to exemplify significant findings, enhancing the validity and profundity of the research results (Kapur, 2018).

The research examined how TMT diversity appears and influences organisational-level capabilities of sensing and sensemaking that result in strategic responsiveness. The research questions are framed at the individual level, with secondary analysis being the organisational level, making the top managers the logical unit of analysis.

#### 4.3.4 Measurement Instrument

Interviews using an interview schedule were used as a data measurement instrument in the study. The interview schedule contains those key questions that served as meaningful prompts that were used to generate nuanced thoughts that offered an in-depth understanding of the phenomenon under investigation from research participants (Bearman, 2019).

As a qualitative study, the measurement concept involves inductive thematic coding and pattern analysis rather than numeric indicators. Braun & Clarke (2006) proposed the use of thematic analysis that allows for finding patterns, insights and meaning in qualitative data. Data was collected through:

Semi-structured interviews explore experiences, decisions, and perceptions on diversity sensing and sensemaking.

Key constructs and how they will be measured:

1. TMT Diversity: Assessed via interview responses about demographics, experiences, and perspectives.
2. Sensing: Measured through themes such as how market information is gathered and the diversity influence on market information gathering.
3. Sensemaking: Captured in narratives around the TMT's collective understanding and response to the external environment.

An interview schedule attached in Appendix 1 has a total of seven questions, which came from the two main interview questions.

#### 4.4 Data Collection

Semi-structured interviews were selected as the sole data collection method for this study as they provide flexibility and suitability for exploring complex, context-specific phenomena such

as TMT diversity, sensing, and sensemaking. This approach allowed the researcher to guide the conversation using predetermined open-ended questions while providing room to probe deeper into emerging themes and participant insights. The semi-structured format was effective as it elicits rich, detailed responses that reflect participants' experiences, interpretations, and strategic reasoning. It balances consistency across interviews, ensuring coverage of core topics, with adaptability to individual interviewees' unique perspectives (Kapur, 2018). The method also fosters connection and encourages reflection, which enhances the depth and authenticity of the data collected. Overall, semi-structured interviews are well aligned with the interpretivist paradigm and contribute to the credibility and richness of qualitative research findings.

Qualitative research involves data collection using interviews that give insights into problematic situations in their daily settings (Aspers & Corte, 2019). Data collection will be done through semi-structured interviews with top executives from manufacturing organisations in South Africa. For exploratory reasons, the semi-structured open-ended questions will give flexibility to participants to give their standing position and elicit their views about the study (Creswell & Creswell, 2023). This approach provides consistency across interviews, with interview questions attached in Appendix 1 guiding the interviews. The interviews were managed through open-ended questions to allow for uncontrolled views (Bearman, 2019).

The following areas guided the formulation of interview questions.

- a) The participants' views on TMT diversity in the respective organisations, touching on demographic diversity, cognitive diversity, and functional diversity.
- b) The diversity dimensions the organisation leverages when sensing for changes in the market.
- c) The benefits of diversity in deciding how to respond to market changes to changes in the market.

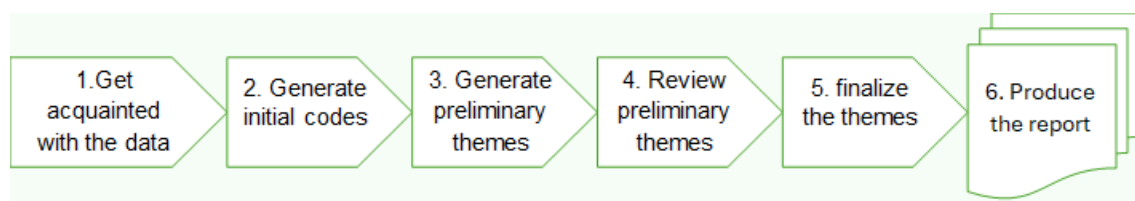
The described interview protocol was designed to ease an in-depth exploratory conversation, focusing on open-ended questions and flexible discussions. The insights gathered from these interviews were vital for answering the research questions.

#### 4.5 Data Analysis

Creswell & Creswell (2023) proposed that qualitative data analysis should be handled as a sequential process to obtain meaningful findings. From Aspers and Corte's (2019) data analysis in qualitative research, which uses interviews for data collection, includes the methodical examination and interpretation of collected data to reveal patterns, themes, and insights. The process began with the organisation of data, including the transcription of audio recordings into text and subsequent structure for analysis, i.e. data organisation (Creswell &

Creswell, 2023). Researchers then gave codes to parts of the data, denoting certain concepts or themes, and categorised these codes into overarching classifications that align with the research aims (Kapur, 2018). Interpretation emphasised comprehending linkages, meanings, and ramifications while preserving the participants' viewpoints and circumstances.

Triangulation is often utilised to verify conclusions against alternative data sources or methodologies, hence assuring validity and reliability (Creswell & Creswell, 2023). However, the researcher assessed the theme-based background of participants and compared it with that of other participants to ensure validity (Aspers & Corte, 2019). Coding was done manually using a process adapted from Byrne's (2021) approach, as summarised in Figure 4-1.



*Figure 4-1 Data analysis process adapted from Byrne (2021)*

The above process indicates that the data analysis process entailed a six-step approach, which this report explains below:

- During step one, the researcher acquainted himself with the data by listening to the audio material of the interviews, which were transcribed electronically. He highlighted key text and made preliminary notes while listening to the audio and reading the transcripts.
- Step two involved generating initial codes using the highlighted text from transcripts and grouping them under each research question that they relate to.
- Step three entailed generating preliminary themes. While Byrne (2021) suggests that themes should be formed through the aggregation of codes, this study merged that with the use of research questions. In other words, it used keywords from the research question to generate main themes and created sub-themes through the aggregation of the codes.
- Step four focused on reviewing preliminary themes, resulting in merging, splitting or discarding of themes based on their richness, contradictions and inconsistency.
- Finalising the themes was covered during step 5. This involved offering the comprehensive content of each theme and sub-themes based on the findings and backing it up with quotations from research participants' responses.
- Step six served as the final stage of the analysis, whereby the content was synthesised to produce the Findings chapter in a coherent manner.

#### 4.6 Ethical Considerations

Transparency on the goals and use of research outcomes was maintained during the research process. This allowed for voluntary participation through informed consent. Confidentiality and data protection were maintained through GIBS research protocols. This includes a signed informed consent letter.

The participants were not incentivised to take part in the interviews to ensure voluntary participation and sharing of insights without bias. Interpretive rigour in qualitative research deals with the trustworthiness of the interpretations made by the researcher from the data. It ensures participants' perspectives are authentically represented, findings are coherent and logically derived from the data, and the researcher's role in shaping the interpretations is transparent (Creswell & Creswell, 2023). Key aspects include authenticity, i.e. using participants' voices, such as verbatim quotes, coherence, i.e. linking findings to the data and context, reciprocity, i.e. considering power dynamics and collaboration with participants, and permeability, i.e. revealing the researcher's preconceptions and how their understanding evolved during the study. Interpretive rigour ensured that the findings resonated with the lived experiences of participants and meaningful within their social contexts (Fossey et al., 2002).

#### 4.7 Methodological Limitations

The study aimed to provide an in-depth understanding of TMT diversity; this is based on the phenomenon at a given time. The cross-sectional approach in this study makes it difficult for the outcome to be generalisable to all organisations.

The use of purposive sampling and a small sample may limit the broader applicability of the conclusions. The subjective nature of inductive study may be influenced by researcher bias; this was mitigated by member-checking before the final report on data analysis (Aspers & Corte, 2019).

#### 4.8 Conclusion

The chapter presented the full description of the research methodology that was used in conducting this study, which covered the research philosophy, research design, data collection, data analysis, ethical considerations and methodological limitations. It clarified that the study followed a qualitative approach, which employed an interpretivism paradigm. This approach helped the study to rely on the participants' experience, meaning and perspectives to answer the research questions. The unit of analysis was members of TMT who were sampled from medium to large organisations that operate in South Africa.

Purposive sampling was adopted to ensure that the selected research participants assist the study to achieve its objectives based on their insight into the research problem. An interview

guide with open-ended questions was used to collect data virtually. The proceedings were captured using Microsoft Teams software, which also transcribed the data. Since the study is interpretive in nature, data analysis was thematic and commenced immediately after the first interview. No data analysis software was used, but a manual approach was used as adapted from Byne (2021).

Before the study commenced, the researcher followed a rigorous process to secure ethical clearance from GIBS. While the study chosen and justified the use of qualitative methods, the chapter also acknowledged the limitations of this methodological approach. The researcher declared that the use of qualitative methods could have had negative implications for the study due to research bias. However, the researcher prevented this by member checking before the final report on data analysis.

# Chapter 5 Findings

## 5.1 Introduction

This chapter presents research findings that emerged from the thematic analysis of 12 research participants' responses to the interviews that the researcher conducted using open-ended questions. The study used an inductive approach to develop the themes that are covered in the chapter, i.e. the themes were developed from research data, not existing theories. These themes are clustered under each relevant main research question and sub-questions.

## 5.2 Overview of Participants

The research participants were selected from twelve different companies that operate in South Africa. They were drawn from ten sectors: manufacturing, banking, petrochemical, telecommunications, state enterprises, logistics, power generation, retail, automotive and packaging. One participant was interviewed from each sector, except for packaging and manufacturing, which had two participants each. This split is illustrated in Figure 5-1.

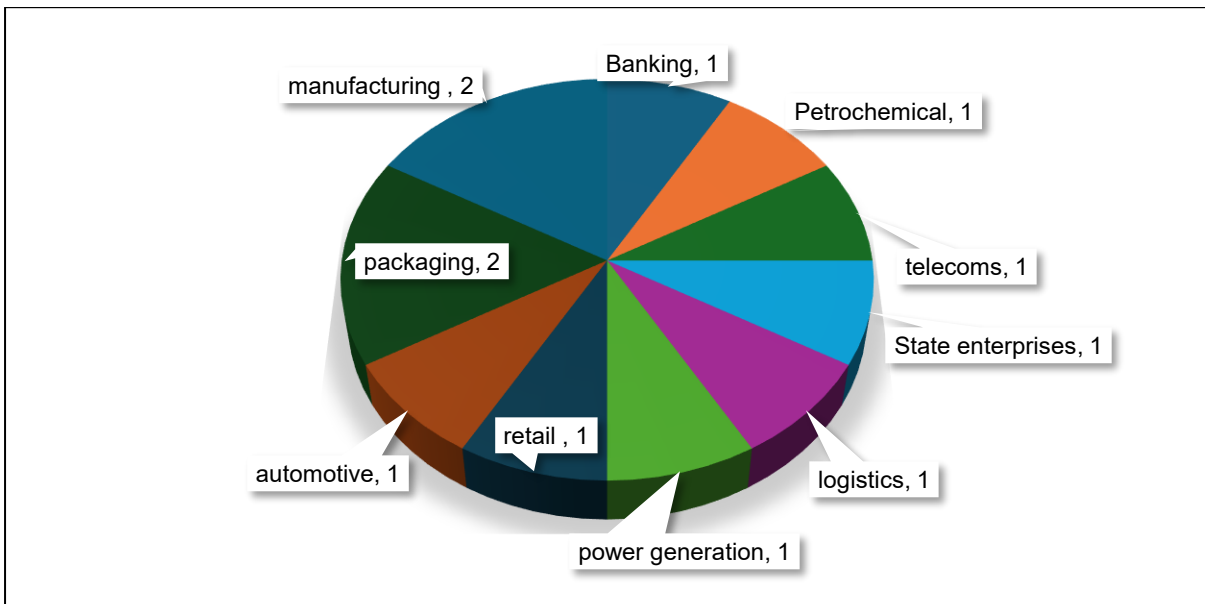


Figure 5-1 Participants per sector

(Source: Author's own)

The participants have a university qualification that ranges from a diploma to a master's degree. Ten of the twelve participants are educated to a master's degree, while one has a diploma, and the last one has a bachelor's degree. Their distribution per qualification is reflected in Figure 5-2.

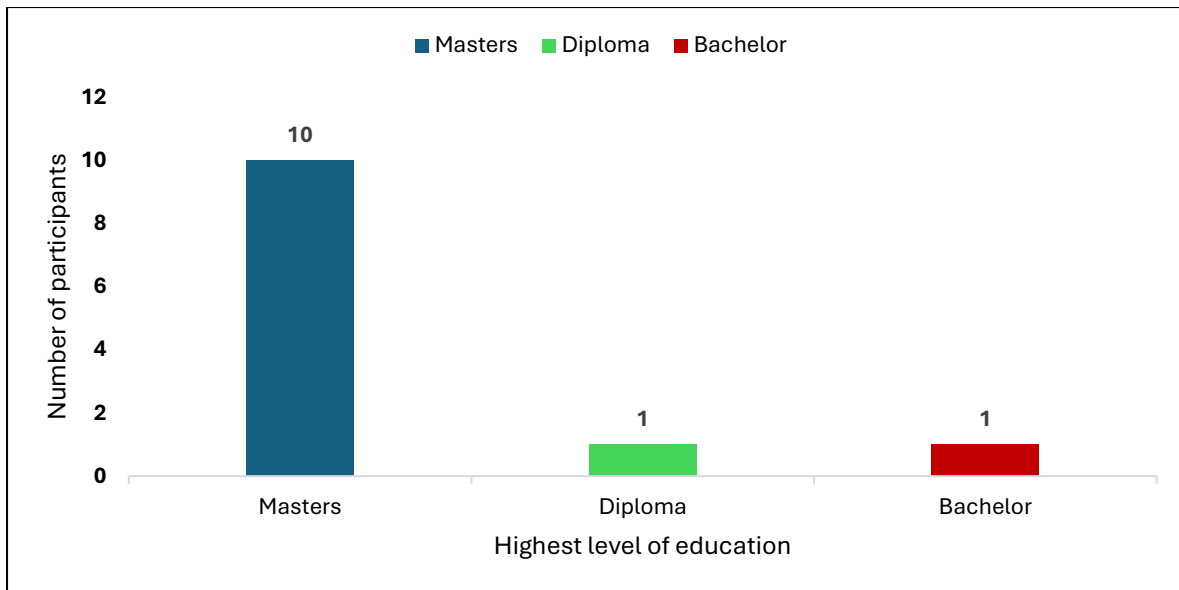


Figure 5-2 Participants' level of education

(Source: Author's own)

The study was also enriched by the participants' years of experience. It was able to draw knowledge from highly experienced participants, as seven of them have ten years of experience, while only one has less than five years of experience. The full spread of research participants per years of experience is reflected in Figure 5-3.

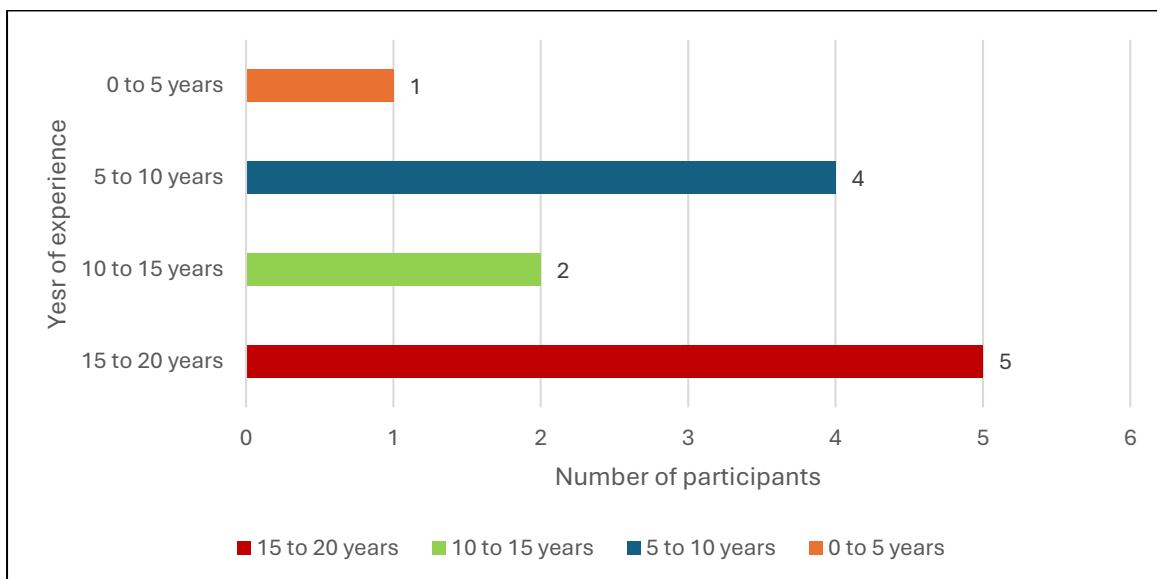


Figure 5-3 Participants' years of experience

(Source: Author's own)

The above overview of the participants illustrates that through purposive sampling, the study was able to select interviewees from various sectors with a range of years of experience backed by academic qualifications. The full participant profile is presented in Appendix 3.

### 5.3 The contribution of diversity within the Top Management Team to sensing the external market






The contents of this section emanate from the responses to three sub-questions that sought to answer the question, “How does diversity within TMT contribute to sensing the external market?” While three sub-questions were asked, the analysis culminated into grouping the themes under two sub-headings, i.e. the influence of TMT diversity on the team’s collective study of the emerging market trends, and the respondents’ perspectives on the significance of team diversity in data analysis.



#### 5.3.1 The influence on the team’s collective study of the emerging market trends

A close analysis of the research participants’ responses suggests that diverse backgrounds, experiences and perspectives amongst teams contribute towards harnessing complementary viewpoints, preventing groupthink and utilisation of individual members’ rich insights to comprehend the market insight. Furthermore, the diversity factors also help in TMT to connect with the market, effective execution of risk management, the identification of new opportunities and overall project success. This implies that these three diversity factors contribute to the way top management teams collectively assess, identify, and interpret emerging markets. These findings were generated when interviewees were asked the question *“in what ways do the diverse backgrounds, experiences, and perspectives of your TMT team influence the way you collectively assess, identify, and interpret emerging market trends?”*

Table 5-1 summarises the findings from this question by identifying the themes as factors and use arrows to illustrate their individual effects on the collective process of studying the emerging market trends. The green arrows depict the positive impact on maximising the positive contribution of each factor. In contrast, the red arrow shows the need to prevent the escalation of the factor in question. The table further identifies key benefits of these effects on collective actions taken by team members. This summary is fully expanded in the detailed discussion of each research finding in this sub-section.

*Table 5-1 Summary of the effects of team diversity*

Factors	Effects	Benefits
Complimentary views		Production of quality output
Groupthink		Minimal detrimental biases
Market insight		Balanced perspective
Risk Management		Dynamic risk management strategy
Connection with the market		Customer positive response

Factors	Effects	Benefits
Opportunity identification		Broader market awareness
Project success		Broad skills base

(Source: Author's own)

### 5.3.1.1 Enhancement of Complimentary Viewpoints

In sensing external environment, a team with formed from diverse background, experiences and perspectives use their diversity as an asset to the assignment. With their diversity the team compliment the process in ways that enhance the quality of the output. The research participants voiced this finding in several ways which will be expounded in this section.

In Interviewee 4's perspective, diversity "enhances how an organisation resolves issues in a complex operating environment." He supported this argument by saying:

*"If you use your own perspective, you could be seeing only one issue, but if somebody else from the team, coming from a different background, looks at it might see something completely different."*

This point is aligned with the perspective gathered from the interview with Interviewee 3 who said "

*"Well, I think more than anything, what diversity does is it helps with different thinking and differences in the way people look at things. So, in that sense than any trends that are coming through, we'll look at it from different lenses depending on your exposure background."*

Interviewee 3 went on to clarify that this diversity may be based on factors such as skills, qualifications and including certain demographic characteristics. Tapping into the team's strengths based on these factors is helpful as:

*"Each of us will look at things based on how our lens and the more diverse the team is the. The more different lenses you get to see from and in that sense, you can combine all of those different lenses to come up with a more, more diverse and more nuanced sense-making and*

Interviewee 4 argues that people might look at the same thing but could analyse it differently. As teams look at the thing from multiple and diverse perspectives, chances are that the issues would be thoroughly looked at. Citing an example of perspectives from different disciplines or training backgrounds, Interviewee 4 stated that someone who is a qualified engineer would bring an engineering framework while an economist is likely to perceive the same issue from an economic perspective. Additionally, interviewee 11 stated that a team member from a

strategic background would look at a problem more holistically by looking at multiple connecting points across the industry to the customer.

Thus, Interviewee 5 argues that different skill sets from different backgrounds, brings cross-functional viewpoints in problem solving. In support of this assertion, he stated that:

*“So, diversity is crucial. Diversity, in my view, it’s the backbone of any organisation. I believe that if you look at the companies that are not successful. I would say analyse their diversity awareness. I don’t know if there is such a thing awareness barometer.”*

Complementary viewpoints in this regard are not confined to educational background, but include a host of other characteristics which Interviewee 5 describes as follows:

*“You’re now seeing young, younger individuals and even individuals who come from an engineering or industrial engineering and other skills background or a mechanical engineering background who are African or coloured or Indian, so age diversity in the workplace is vital, especially the young generation bring new perspectives around technology and new thinking.”*

In support of the need to recognise diverse characteristics to bring about complimentary viewpoints in decision-making, Interviewee 9 said:

*“I think diversity is sometimes simplified as race, but diversity has so many more things to it diversity in terms of mindset, this diversity in the way you approach strategy, right, there’s diversity just from using cross-functional teams in order to meet business objectives on a basis, which then contributes to your strategy.”*

Therefore, Interviewee 9 thinks that if an organisation wants to optimise the benefits of diversity, it has to deliberately set up its team to resemble diversity to avoid limiting itself. Consistent with Interviewee 5’s argument, Interviewee 9 is of the view that teams have to be constituted in ways that considers the transformation goals like diverse cultures, but importantly the diverse mindset and diverse skill set. Furthermore, Interviewee 7 added that a mix of youth and older adults, graduates and experienced people play a pivotal role in organisations.

Interviewee 11 argues that personality traits also play a significant role in diversity and bringing different perspectives:

*“You know those people who are extroverts in many ways, of always tend to make the big, bold decisions very quickly. Those that are, you know, more introverts and more sheltered. They take a bit more time to interpret and understand and make more pointed decisions.”*

### 5.3.1.2 Preventing Groupthink

In some instances, when a group is engaged in a decision-making process, members tend to refrain from challenging each other but go with the flow. This often results in poor decision-making. The study has revealed that this tendency could be countered by assembling a diverse team. From the perspective of the research participants, team diversity contributes to the prevention of team members succumbing to groupthink as they deliberately express their diverse perspectives and experiences in the process.

Interviewee 4 stated that coming from the same background tends to cause people to think alike in decision-making, thus affecting the sustainability of the organisation. This interviewee added that working in a diverse team is likely to reduce groupthink, which refers to making decisions as a group which usually causes poor quality and unchallenged decision-making. Contrary, diversity helps to raise questions during discussions, which can lead to detecting biases in strategy implementation which could cause risks.

Interviewee 9 gave an example of an environment that is not conducive for prevention of groupthink when he stated the following:

*So, you have a situation where executive positions are still very much white, male-dominated, and your unskilled or junior roles are still very African or black dominated, so the cultural differences are very, very vast.*

### 5.3.1.3 Bringing Market Insight

Diversity in top management can aid in bringing different insights about the external market. Members of the TMT have individualised cultures that are influenced by their social, economic and political landscape. These factors contribute to those individuals getting these factors shaping their mindset in terms of sensing the external market. In this regard, interviewee 4 postulates that having a diverse team, “helps especially in the current operating environment, locally and globally...’

Echoing a congruent perspective Interviewee 7 had this to say:

*You are accountable to customers and always need to be constantly sensing what your competitors are doing. And this needs the right mix and balance in the team.*

Interviewee 7 gave an example of engineers who are typically blue-collar personalities, driven by hard facts, and skills. Customers might have technical knowledge, but being too technical can lose people, because most customers want the product or service. So having different people in the team can help in sensing the external market in a broader perspective and what will draw customers to the product or service.

*“You need a good balance, especially of the soft skills, because people relate with people, they relate with how technical they get. How much product knowledge or expertise you have at the end of the day, you must be able to clearly articulate a very technical idea to your everyday person. And so that's the importance of having the right balance in the team. To be able to respond to industry trends, to be able to respond to competitors, what they are up to, and to be able to be accountable to your customers and consumers.”* Said Interviewee 7.

Interviewee 3 argued that having a homogeneous team often sets limits to sensing the external market. The interviewee recalled a team that comprised of White people only, the organisation rolled out a massive marketing campaign which did not fully resonate with the Black audience. This limits the number of consumers attracted to the product or service.

*I don't think we are resonating with the black audience. And unfortunately, in a country like South Africa. The demographics fall 80% black majorities and 20% between Indians and white people with about 10% be white people, so that if you're not, if you're not addressing the right audience, you're reducing your addressable market.*

Interviewee 4 stated that diversity “helps a lot with the diverse top management team that will understand or bring nuances into the discussions...” Moreover, interviewee 4 alluded to diversity helping the understanding of certain dynamics in different regions:

*There are certain politics that you need to understand. So, for example, if you are going into a volatile region or one that is highly politicised...*

Having a diverse team helps to be aware about some of the sensitivities surrounding certain issues in different markets.

Interviewee 12 stated

*“We all come from different backgrounds in terms of our experiences and our qualifications. So, we have engineers, we've got people that are well experienced in finance, chemistry coming from the sciences background. Some of us had the privilege to work across the value chain in terms of coming from upstream mining, gas and oil, downstream or midstream in terms of production and crossing over to the business side. Those experiences in terms of gathering that market intelligence or monitoring those trends will leverage each other in terms of our experiences, and that somehow helps us to contextualise that data into meaningful.”*

#### 5.3.1.4 Connection with the Market

Sometimes the market responds appropriately to a person of its kind, e.g. similar cultural background. Therefore, having team members coming from a diverse background is an asset

that could be used to manage market dynamics. Interviewee 12 elucidated this point through the following example,

*“...customer X, a restaurant. So, we had a sales Rep who was Black, who came into the organisation, and he oversaw that account. Then we just slowly saw sales dropping on that account, and we eventually lost that account. And then we have another sales Rep in Durban who's Indian, and everybody at customer X is Indian. And so, we sent him to at least knock on the door, try to get the business back and surprisingly, two months of knocking and talking...we got the business back, and so they've been booming more than they were previously, you know? So, I guess his being Indian and the customers and the customer and owners being Indian, I guess it worked to his advantage because it's the same ethnic group.”*

Interviewee 10 also succinctly explained this aspect when she acknowledged that *“in South Africa, we have different cultures. We just celebrated Heritage a week ago. We have different cultures. Therefore, the way that we do things is different.”* She then articulated that *“that[culture] also speaks to the market when you're trying to reach people, you must also understand their cultural background.”* For instance, *“if you are in marketing or sales, right? And then you approach maybe an example an old African male. Sometimes, if you're coming there, very powerful and strong as a female, it may look as disrespect to them because they're not used to that. So, it's important to understand the cultural background of the customers,”* she expounded.

Moreover, working with a diverse team may help prepare to do business with international teams:

*“For example, in other cultures just outside of South Africa, before you can start to do business, part of the culture is maybe you're supposed to buy them a gift or something, not as a bribe, but as part of the culture to say, ‘Okay, I see you.’ In my recent experience, I've been in China. So, we'll be looking at different suppliers, and one of the things that for me was a culture shock is every office you go to, you are offered tea, and at some point I felt like, no, I've drank so much tea for the day. But they explained to me that for them it's a cultural gesture. You can't say no to that, so that's why I think it is very important when it comes to such things and how we do business...’*

### 5.2.2 Team diversity's impact on the team's identification and assessment of a market threat or opportunity

Based on the previous description of the influence of the three diversity factors on the unveiling and understanding of the market trends, the findings also shared examples of a situation in

which diversity significantly impacted a team's identification and assessment of a market threat or opportunity within the broader business environment. As covered in this section, these include situations of risk management, identification of new opportunities and determination of project success.

#### *5.3.2.1 Improving Risk Management*

Diversity in a team helps with identifying potential risks when identifying and assessing a market threat or opportunity. Interviewee 6 gave an example of needing different team members from various fields to highlight certain risks. For example, a procurement person is able to remind the team to meticulously follow the process with the suppliers; if this does not happen, the company is likely to make costly mistakes. A human resource team member can educate the team on how to deal with employees in a way that reduces the chances of clashing with the CCMA (Commission for Conciliation, Mediation and Arbitration).

Interviewee 4 recalls how their workplace has avoided controversy multiple times because of the team's diversity.

*“When we're dealing with specific communities in certain areas, right, I think if we did not have a diverse team, I think we would have found ourselves in some serious controversy. Like I said, because maybe the area is highly politicised or maybe the person is highly political, whatever the person. But because we have a diverse team that helps to bring out or highlight some of the nuances involved in. So, what I'm saying, sometimes the decision is not so straightforward, if you do not have that background, you might think that the decision is like is like straightforward.”*

Moreover, interviewee 4 further stated that canvassing the opinions of different people causes an organisation to outperform others that do not have diverse teams. Diverse teams help to detect biases in strategy that could potentially cause a risk.

Interviewee 8 gave an example of when diversity helped them identify an opportunity that saved the company's resources.

*“DRC has contracts with China, specifically in the mining space, that's what you know. You don't necessarily or the tax is very little or no tax on imports coming from China. For mining. And if it wasn't for somebody to, you know, in that space, we would again, we wouldn't have known that.”*

As a result of the diversity in the team, they were able to quickly pick this up. Diversity helps a team better recognise opportunities in different regions, and blind spots are covered.

Interviewee 7 spoke about an instance where diversity helped their team to understand the market that they wanted to venture into:

*“We got it wrong on several occasions, like the soap X campaign that went viral for issues of racism. You know, people may hate the product as well, have issues in terms of that right, so it's the thing, and it goes back to what I mentioned earlier. It's about having the global insights and the local know-how in terms to find finding the right balance, and that's how. In my experience, we've got it right in terms of diversity. When operating in a global company, the local team has to have a very strong voice. They understand the new answers of the market context, and this was the case for us...”*

Diversity helps to detect threats in customer segments, and a diverse team is less likely to assume that a one-size-fits-all approach.

#### *5.3.1.6 Identifying New Opportunities*

Beyond risk management, diversity in a team helps to foster an environment where team members can identify new market opportunities and/or threats. Heterogeneity broadens market awareness and helps to detect unmet customer needs. For example, Interviewee 8 noted that,

*“Diversity brings in different viewpoints, which can help to uncover certain risks or even identify new opportunities... at the beginning I spoke about problem solving, so it can really help if you have a diverse team and you're dealing with a human problem. I think it did. It can help.”*

This point was magnified in an interview with Interviewee 1 who said:

*“So, I think absolutely it [diversity] is critical. I think somebody who's centred around, you know, a financial background, for instance versus somebody who has a strategic background might look at the collection and of information from a customer and wider industry very differently. What I find is that potentially somebody in finance would look at it in a very binary financial metric, where you're looking at trends from a finance perspective list with a customer lens. So, more outcome-based”.*

Responses from these two interviewees illustrate the power of diversity in identifying opportunities and risks based on team diversity from the academic qualifications' perspective or background. The responses suggest that diverse academic backgrounds enrich the team's capabilities constructively rather than polarising team members' inputs in the process.

#### *5.3.1.7 Enhancement of Project Success*

A more diverse team is linked to a likelihood of success, as different team members know how to target different market segments.

Interviewee 3 recalls an experience where the team was not diverse, and thus could not reach a certain market:

*“And if I make an example with my current organisation, now we are a telecommunications company, a mobile virtual network operator. So, what we call an MVNO and the team is very relatively, very small and the company is relatively new. And what I've identified is that the majority of the team is comprised of white people of the white race, right? And what that does is that it limits. We rolled out a massive marketing campaign. It was cheeky, it was funny. But what I did notice is that it didn't resonate with the black audience.”*

Interviewee 4 added that one can negotiate with consumers if the team is diverse.

*“Send me to go and negotiate because I understand the language and I understand how things are done there, right?”*

Interviewee 8 recalled an incident where a team member from Brazil highlighted the importance of verifying certifications for parts imported from China, thus saving the company from potential customs charges:

*“So, if we didn't have that person raise their hand and say, Hey, this is important for us. Then we wouldn't have known that there is a cost that customs charges when it comes into the region, and we wouldn't have been able to budget for that timelessly. So, it was very important for us to have this diverse team because there are different people with different skills and different knowledge who will come and spark something.”*

The interviewee gave another example where a team member from the DRC provided insights about the country's contracts with China in the mining space, this helped the company navigate tax implications.

*“Because we had that diverse group, somebody was able to quickly pick that up and say, Hey, I'm from DRC. Let me tell you or let me tell you how things work. So, it saved the company resources in investigating a couple of things. So instead of trying to find that out now, you already know that this is a problem and how you're going to solve it.”*

Having a diverse team with both local and global knowledge helps companies to be aware of various market contexts. The examples from the participants reveal that diversity also influences how successful opportunities are pursued. Interviewees highlighted that diversity reduces obstacles that would slow down project success through understanding various cultures, markets and technology.

### 5.3.2 Respondents' perspective on the significance of team diversity in data analysis

When asked about the significance of diversity within a team for the collection and analysis of information from customers and the wider industry, the respondents offered various responses that culminated in four key perspectives. The analysis revealed that team diversity is significant in optimising the benefits of intersectional diversity, interpretation of market nuances, forging a holistic market picture, and presentation of balanced perspectives.

The findings are based on interviewees' responses to the question "What is your perspective on the significance of diversity within a team for the collection and analysis of information from customers and the wider industry?"

#### 5.3.2.1 Intersectional Diversity

The interviewees emphasised that multiple forms of diversity within a team contribute to richer and more nuanced data analysis. Interviewee 9 referred to the value of skills-based and knowledge-based diversity, explaining that team members from different technical or functional backgrounds bring distinct perspectives on what needs to be done and/or that gaps exist in a market.

Interviewee 4 similarly highlighted that diversity extends beyond race or culture, but also include educational or professional backgrounds:

*"But the backgrounds are not just diverse in terms of skin colour or culturally, but they're diverse in terms of educational background and training as well, so that is very critical for a top management team. So, you can't just have engineers, right? You need to have or just have a company run by accountants only. You need other people who are trained in other disciplines so that they can bring different nuances into the experience."*

Interviewee 3 spoke about the emotional burden that arises when a team lacks diversity, explaining:

*"I don't want to be all constantly the one who's is looked at when they want to know about the Black community. But if there was a right balance of diversity in the team, I wouldn't feel like that as the minority person and it's similar to gender. I mean, if I, if I look at my previous organisation for instance."*

The interviewee also highlighted that when there is a dominance of a particular type of representation, other voices become dimmed, and below are his own words.

*"There was a there was a heavy male dominance in boardrooms and female dominance. And then what you find happening is that the male voices become louder and the females end up quieting themselves. So, yes. Yes, it helps to have a forum where people can talk..."*

The interviewees' accounts reveal that intersectional diversity is not only about visible demographic markers such as race, but it is inclusive of education, professional training, class background and emotional experiences. All these dimensions help to increase a team's capacity for interpreting data. However, when a team lacks in diversity, the burden of education other team members falls on the minority members.

#### 5.3.2.2 Interpretation of Market Nuances

The interviewees agreed that diversity enhances interpretation of market nuances for data analysis. Through diversity, teams comprehend cultural differences and consumer behaviour, leading to more efficient and informed decision-making.

One interviewee spoke about the importance of understanding a culture before engaging with the market:

*“As a South African working with a Ghanaian team, it was important before any innovation. Understand the culture. Understand the heritage behind the brand. Understand the team's reluctance to a certain innovation. Understand all the pricing strategies.”*

Interviewee 3 added that socioeconomic diversity contributes to broader insight:

*“If there was people of the same class and now we're not even talking race people of the same class, they will never understand the nuances of high-end market dealing with low end markets and the yes and the and the and the transactions that happened between the two. So, the diversity of having someone from a different background and helped bring in a different perspective and sway the decision-making.”*

Interviewee 4 noted that teams with diverse members, “use different lenses”, creating more nuanced interpretations of environmental signals. Interviewee 11 reiterated as follows:

*“Diversity within the top management team is not just you know a demographic factor. I would see it as a strategic advantage. You know it sharpens how we sense and interpret the external environment...It ensures that decisions are more balanced and sustainable, as I mentioned, and ultimately, you know, strengthens the organisation's ability to respond with agility.”*

The interviewees' views have highlighted that diversity enhances a team's understanding of culture and market nuances. Combining team members from various socio-economic statuses, nationalities, and life experiences helps an organisation to be more aware of consumer behaviour. Diversity makes the organisation better understand its target market.

#### 5.3.2.3 Holistic Market Picture

Several interviewees observed that diversity promotes a more holistic view of the market by combining perspectives across disciplines. Interviewee 7 explained that cross-functional

collaboration among marketing, research and development, and finance teams ensure that technical and human factors are accounted for:

*“You will have your typically have your marketing team, who are project leaders on innovation, because marketing is deemed as the driver of innovators supported by R&D who are involved in the early stage of. Product development. Then you've got your finance team who are responsible for business case development, and it's important when developing a business case to bring in that diversity, right, because. The numbers are not just numbers. The numbers are actually people. You are targeting people with a product or with a service, right? So important to always have that diversity mindset when we're doing.”*

Additionally, interviewee 12 mentioned, “Well, in my marketing team or well in the organisation it will help pick up weak signals from multiple sources. It can be emerging technologies or shifting consumer behaviour, or regulatory changes...”

Thus, this responses postulate that a multidimensional approach helps organisations respond more effectively to changing market conditions. This could be better facilitated by a diverse team than a homogeneous group.

#### *5.3.2.4 Balanced Perspective*

Interviewees mentioned that diversity produces deeper and more balanced information gathering, considering perspectives from different roles and experiences.

Interviewee 10 explained as follows:

*“So, diversity ensures that you have richer and more balanced information gathering. For instance, someone in sales may rely on customer feedback while someone in R&D may consider emerging technologies. So that type of information. It's important not to just look at it from one perspective, but from different people, different roles, yes.”*

Team members from different fields contribute diverse types of information that yield a deeper understanding of the market. This helps to reduce a single narrative, reducing the risk of biased decisions.

Interviewee 3 elaborated that diversity should also consider demographic qualities of the team in relation to race.

*And what I've identified is that the majority of the team is comprised of white people of the white race, right? We rolled out a massive marketing campaign [in the black community]. [Though] it was what I did notice is that it didn't resonate with the black audience.”*

From this response it is evident that diversity can contribute to a contextual response to a market need. In this regard, as the team was predominantly white while the campaign was in the black community, it was not well received. It suggests that the fun was likely to be enhanced if the team was predominantly black to gel with the community.

#### 5.4 The influence of team diversity on the interpretation of perceived information

This section was developed based on the responses to three sub-questions that sought to address the question “In what ways does the diversity of TMTs influence the interpretation of perceived information to facilitate collective sensemaking?” The chapter grouped the themes that emerged from each question under three sub-headings. These are: the scenarios of prevailing perspectives that shape the interpretation of market information by others; The influence of team diversity on collective comprehension of a complex situation; and Processes or practices to facilitate reconciliation of differing team perspectives.

##### 5.4.1 The scenarios of prevailing perspectives that shape the interpretation of market information by others

The analysis offered three scenarios in which a prevailing perspective among top management team shaped the interpretation of market information by others. It simultaneously highlighted how this impacted the team's collective comprehension and decision-making process. These scenarios pertain to market segmentation, are clustered under market segmentation, comprehension social class perspectives in the market and role of social and functional diversity. The three themes emanated from answers to the question “Could you explain a scenario in which a prevailing perspective among your TMT shaped the interpretation of market information by others, and how this impacted the team's collective comprehension and decision-making process?”

###### 5.4.1.1 Customer segmentation

Interviewee 10 explained that prevailing assumptions among top management can distort market interpretation, leading to misjudgement. The interviewee explained that their company was analysing customer segments during a partnership with a remittance company, one team member had assumed that foreign nationals in South Africa represented a low-end segment customer segment. However, the interviewee intervened in the scenario,

*“I felt this was because of a lack of understanding of the foreign national relationships in other countries, and that could very well also speak to European countries, but in this case, it was specifically looking at foreign nationals within African contexts, and I had to. Yes, I had to jump in there to say just because people send little money home doesn't necessarily mean they*

*also spend less when they are in the country, because those are two different things, right? And I think for me that was influenced by my background.”*

This reveals that dominant assumptions within a team can give false or misleading information about customer segments. Diversity in this team allowed for quick intervention and correction of assumptions, which lead to decisions that were beneficial for the target market.

#### *5.4.1.2 Social class perspectives*

Social class diversity can also bring nuanced insights to the team, especially when discussing the nuances of different types of market segments. Interview 3 reflected

*“As someone who's come from a low-income-based community and is now in the middle to high-income-based community, I understand the relationship between those two segments.”*

The interviewee's experience growing up in a low-income community, to now being in a middle-to-high-income bracket helped them to gain an understanding of the relationship between income level and spending habits.

*“All right, so in, this case, if there was people of the same class and now we're not even talking race people of the same class, they will never understand the nuances of high end market dealing with low end markets and the yes and the and the and the transactions that happened between the two.”*

The interviewee's insight helped the team to cater to a broader range of customers, increasing the competitive advantage of the organisation.

#### *5.4.1.3 Functional and cultural diversity*

Functional and cultural diversity can help teams to avoid making assumptions based on trends or experiences from other markets. Interviewee 10 recalled a situation about previously working closely with a marketing team where a marketing manager wanted to introduce a trending lipstick product from America to the South African market. However, the diverse team was able to analyse the product's viability and realised that it would sell in the South African market.

*“So that for me, I believe it's an important scenario in terms of having diversity in interpreting the market information because if you are looking at it. From a one person's perspective, is oh, I've seen this work somewhere else. Definitely it will work. Yeah, but you're forgetting the type of people that you are servicing and stuff. So that for me is important. I think it's both [cultural and functional diversity] because if you check the cultural perspective, it plays a role in terms of someone who is of a different and what's the word ethnicity. They might look at some as Oh, this is great.”*

This situation reveals how functional and cultural diversity allows team to diligently evaluate market information instead of relying on assumptions. Diverse teams better anticipate possible mismatches between international trends and local customer preferences. This instance has prevented a potential costly mistake; thus, diversity improves the reliability of market interpretation.

#### 5.4.2 The influence of team diversity on collective comprehension of a complex situation

When asked about examples of how team diversity influences the collective comprehension of a complex situation or market development, research participants offered responses that resulted in three clusters of examples. Based on the analysis of their responses, the study unveiled that team diversity contributes to a shared decision or course of action. These findings suggest that team diversity offers and uses forum of contribution, thrives on mature leadership and is enforced by collaboration as covered in this section. The question which was asked to gather these data is “Could you provide an example of how the diversity within your team influenced the collective comprehension of a complex situation or market development, resulting in a shared decision or course of action?”

Figure 5-4 uses an image of a building with three components to illustrate the findings on the role of diversity in the crafting of a common course of action. The image illustrates that for diversity to achieve this goal, it requires and builds mature leadership as a foundation for collective decision-making. It also demonstrates that the achievement of the common course is anchored by collaboration among team members, which is grounded in mature leadership. Likewise, diversity serves as a forum for contribution, which can be perceived as the roof of the entire diversity structure where every team member feels safe and covered from hostile conditions from above. Derived from research participants words, this allegory is expanded in the sub-sections below.

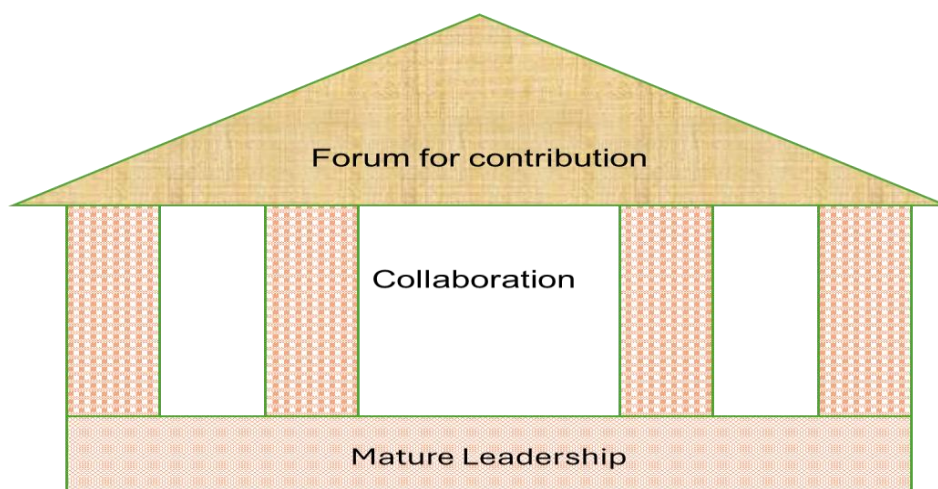


Figure 5-4 Influence on the shared course of action. (Author's Own)

#### 5.4.2.1 Forum for Contribution

Collective comprehension of a complex situation requires diverse teams to perceive themselves as a forum for contribution. Interviewee 3 posited that team diversity affords the team members a platform to voice their concerns and offer input that contributes to the dissection of the situation from their individual perspectives. He found that in his experience, sometimes “the most useful thing is also to try approaching people [team members] on a one-on-one basis”. For instance, as he works on product pricing, he usually calls fellow group members individually to ask for their input before taking the idea to the meeting.

Interviewee 3 further illustrated this point by saying:

*“Diverse or having diversity in the top management team is that you get different perspectives and different experiences, and that can enhance how an organisation navigates a complex operating environment.”*

In this environment of contribution, “diversity brings in different viewpoints, which can help to uncover certain risks or even identify new opportunities,” said Interview 3. In other words, some group members may identify and curb risky decisions that may be blurry to another member.

#### 5.4.2.2 Mature Leadership

Team diversity offers a symbiotic development of collective decision-making and mature leadership. Interview 3 argues that “So you need to have a mature leader to make sure that diverse teams drive or are effective [in effective collective decision-making]”. Mature leadership is born from diversity, and it contributes to problem-solving. Interview 3 expanded this point by saying:

*“Again, it did. Like I said, remember, at the beginning I spoke about problem solving, so it can really help if you have a diverse team and you're dealing with a human problem.”*

For this reason, Interviewee 3 argues that *“I think diversity is always a beautiful thing. Like, I think people should always be hungry to see a different perspective on things. I'll give an example.”*

The interview with interviewee three further alluded that team leaders in diverse teams should be aware of team members’ diverse backgrounds, experiences and perspectives to develop their leadership skills from them. With his experience of the advantages of team diversity, he even said, *“In my teams, I always make sure I have diversity.”* In recognition of its importance

and the need for mature leaders to be aware of it, he illustrated how one person may have various diversity elements in his/her profile when he said:

*“I mean just gender and race. It also means different backgrounds. So, if I give an example, you could have two Indian people, but one Indian person is from a Hindu religion and one another Indian person is from a Muslim religion. Those people have different backgrounds and their understanding of the world is diverse. So, I want I would want to get both of those people.”*

Tapping into diversity requires one to understand how they're thinking and how they were, how they think and how that thinking can be used to the advantage of the business. Right. But I want to say that it can only work when you have a secure leader.”

A mature leader contributes to fruitful collaboration that contributes to the achievement of the desired solution. This happens in the midst of disagreements. In this regard, Interviewee 3 advises that whenever the leader is *“disagreeing with them [team members], one wants to [still] make sure everyone has contributed.”* Then there are a lot of benefits that you get from that. But if you have an insecure leader who is also an autocratic leader, right, then they want to get people who think the same as them because there'll be fewer discussions”

Diversity requires reliable and mature leadership in order to be advantageous. As observed by interviewee 3, autocratic leaders may stifle the contributions of team members, which would reduce the benefits of diversity. Leaders who understand and seek out diverse perspectives and can constructively deal with conflicts are beneficial to diversity.

#### *5.4.2.3 Need for Collaboration*

Collective decision-making in complex environments flourishes in a collaborative atmosphere. Thus, team diversity requires collaboration. This is in recognition of the fact that, in diverse teams, “everyone has something to contribute that's different from the other because people are not singing from the same hymn book.” Therefore, the team lead should lead the collaboration efforts in ways that show that he/she “is secure around people,” Interviewee 3 said.

Collective decision-making coexists with disagreements and may only succeed through collaborative leadership. Interviewee 3 cautioned that leaders who are dictatorial “basically kill the conversations and the discussions”, which ultimately results in the disruption of “what they want at the end.” In other words, “they go into the rooms with a preconceived idea of what the outcome should be rather than it being collaborative,” he elaborated. He argues that for the collaborative environment to achieve the desired outcomes, the leader should follow an open-minded approach. In his words, Interviewee three stated:

*“[A collaborative leader] then goes in to say I don’t know what the answer is, but I want to hear all of your opinions. Obviously, the leader always makes the final decision, but they actually take a collaborative leader will actually consider the opinions of others.”*

#### 5.4.3 Processes or practices to facilitate reconciliation of differing team perspectives

Five themes emerged from data collected when respondents were asked about the processes or practices within their teams that facilitate the reconciliation of differing perspectives to establish a collective understanding when analysing fresh information or market signals. These themes entail team contribution, organisational policies, organisational culture, communication and varying settings. The five themes are based on the answers to the question “What processes or practices within your team facilitate the reconciliation of differing perspectives to establish a collective understanding when analysing fresh information or market signals?”

*Figure 5-5* presents four enablers that are used in reconciling differing perspectives among team members. The communication stands out as a practice through which the rest of the enablers converge, whereas varying settings represent the environment wherein the rest thrive. A full discussion of these policies and practices is covered in this section.



*Figure 5-5 Policies and practices as enablers. (Author’s Own)*

#### 5.4.3.1 Team Collaboration

The data highlighted the need for team collaboration as one of the processes that teams use to reconcile differing viewpoints. Interviewee 3 explained that their organisation encourages open contribution through regular meetings:

*“Everyone has an opportunity to contribute, basically. And obviously, there are always the nuances that some people will choose not to contribute. Some people will choose to, but because the team is so small, there's less formalities and there's more room to contribute,”*

Interviewee 1 had similar views, highlighting that inclusive discussions cater for multiple voices to be heard and evaluated before a final decision is reached:

*“The first point is obviously giving everybody an opportunity to voice their opinions. So, you're creating some level of inclusivity, are being able to voice comments, right? So, whether it's a forum, whether it's a chairman, or whether it's the executive head that actually owns the space and facilitates the discussion. I think that's important. Then through that facilitation, you need to obviously vet and think about...”*

Brainstorming was also identified as a tool to create understanding within a team, with interviewee 12 stating, “Brainstorming, and just bouncing off ideas, there are no wrong or right ideas, and this is not a fight. We are actually a team working together towards a common goal, so brainstorming and throwing, bouncing off ideas, debating actually helps us to get to a common goal.”

These methods reveal that open facilitated discussions and brainstorming help to create cohesiveness and integration of differing perspectives.

#### 5.4.3.2 Adherence to Organisational Policies

Organisational policies play a significant role in reconciling different perspectives. Interviewee 9 stated that there is a cultural diversity policy at their workplace, which translates to employment equity sessions and meetings where they discuss diversity, differences and share feedback. All employees get to voice their opinions during these sessions. In this way, they tend to conform to the spirit of accepting team members as they are without prejudice, even during sensing and sensemaking. Through these policies, team members come to learn that diversity is an integral part of building a coherent cohort of specialists who use their diverse backgrounds to contribute to team goals.

At interviewee 8's organisation, they have a democratic approach to address differing perspectives by conducting meetings with regional and global teams, where they end with a vote on which options they want.

*“...That minority and majority approach that's the approach we take, and then we make sure that we communicate that, you know, further up and then as a team we support that idea or support those, you know, what is submitted upwards.’*

#### *5.4.3.3 Conforming to Organisational Culture*

The culture of an organisation informs how a team manages disagreements. In other words, organisational culture is used to reinforce adherence to organisational policies. Of course, these varies from organisation to organisation. For instance, Interviewee 4 mentioned that when their team disagrees on something, they circle back to their main mandate, which is to produce good-quality products for their customers.

Interviewee 8 added that they have an organisational culture that promotes collaboration and differing perspectives constructively, without putting anybody down. Additionally, their leaders are also trained to be open to receiving different views.

Interviewee 7 highlighted an organisational culture that promotes continuous learning and collective growth:

*“You know, give their perspective to ensure that we're constantly checking ourselves to ensure that we're constantly learning new methods and techniques and everything, coupled with our experience, it's a formidable team...”*

An inclusive organisational culture accommodates diversity and uses it for innovation and continuous improvement.

#### *5.4.3.4 Transparent communication*

Open and transparent communication also emerged as a central driver to reconcile differing perspectives, and this is well captured in Interview 10's response as covered below:

*“For me, I think the biggest one is communication. Communication in the sense that whatever we're trying to implement, we should always have stakeholder engagement because sometimes, you know, in the boardroom, we come up with great ideas. But when you take them outside, the people you are trying to say this to, they're not responding well. So, one of the key processes would be to have a stakeholder engagement in whatever it is that you're trying to implement, and also continuous improvement tools and collaborative workshops where you continuously discuss to say Guys, is this working and all of those things.”*

Interviewee 10 also argues that feedback does not always have to be formal. Excessive formality could create tension and restrict members from fully expressing their grievances. Informal discussions tend to allow members to express themselves more freely, thus gathering authentic information.

#### 5.4.3.5 Adaptation to varying settings

The setting in which discussions occur may also influence how openly team members share perspectives. Likewise, the openness contributes to the frank reconciliation of varying perspectives. In this regard, the setting may be a formal or casual environment to share perspectives. For team members to effectively reconcile their differing opinions, the need to adapt to these varying settings. Respondents highlighted that strategies used in formal environments are different to those used in casual ones. However, these differing environments complement each other as perspectives shared in casual environments tend to create a conducive environment to collect information that may inform the formal environment. Formal environments involved official meetings whereas casual environments may include bouncing ideas in passages or during one-on-one informal check-ins between members.

Interviewee 10 explained, *“For me, I’ll say it [a setting] is very influential because the moment you tell someone that formally we’re going to do 1234 and 5, they like put on a suit of how they’re supposed to behave or react in that situation. But sometimes, if you just chit-chat, not necessarily. The informal way will give you more insight than what you were actually bargaining for, but if it’s in a formal setting, everyone wants to be in the correct standing or say what everyone else is saying.”*

This response highlights how formal environments may garner guarded responses, whereas informal settings, like casual conversations, promote honesty. Both formal and informal communication are required to gather information. Formal discussions create structure while informal conversations create genuine answers.

#### 5.5 The benefits and challenges of team diversity in enabling effective sensing and sensemaking

Research participants were asked the question, “What are the benefits and challenges of Top Management Team diversity in enabling a prompt strategic response?” Their responses are herein classified under the advantages and disadvantages and disadvantages of team diversity in making quick but important decisions. The division of their answers into these two categories is based on their answers to the question “What are the advantages and disadvantages of working in a diverse team when making quick but important decisions?”

The interviewees’ responses to this question culminated in a skewed balance between advantages and disadvantages as reflected in Figure 5-6. Their responses produced four advantages against three disadvantages. This implies that the advantages outweigh the disadvantages. The following subsections cover the themes that are clustered under advantages and disadvantages.

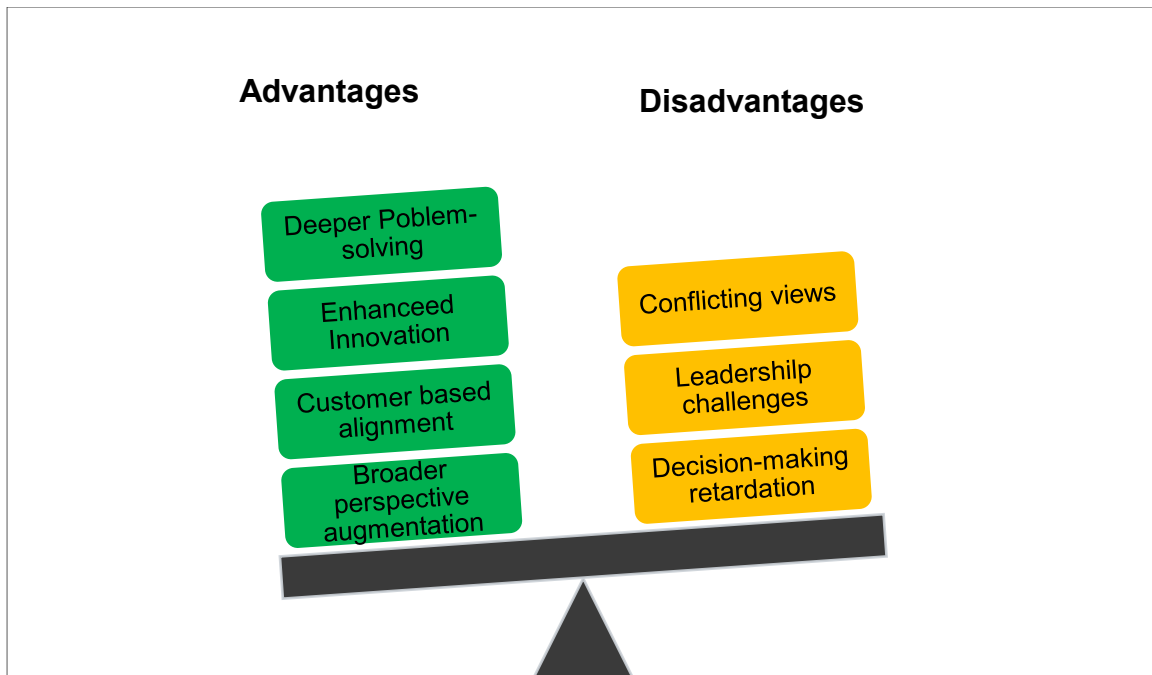


Figure 5-6 Advantages and disadvantages of team diversity. (Author's own)

#### 5.5.1 Advantages of team diversity in making quick but important decisions

The analysis of the data revealed that team diversity has the advantages of deepening problem-solving capabilities, enhancing team innovation, organisational alignment with customer base(s) and augmentation of broader perspectives in decision making.

##### 5.5.1.1 Deeper Problem-Solving

The interviewees alluded to diversity increasing the depth of problem-solving by allowing people from different backgrounds to approach challenges from multiple perspectives. Moreover, diverse teams have wider thinking with a myriad of possibilities and opportunities; multiple points are touched at once.

Interviewee 2 explained, "In terms of advantages, those different points of view provide new insights because they don't just see data coming in, but they can link it to even past events. And maybe see some trends, or for instance, let's say now with the chemical prices we are used to leveraging from the experts, that there's a cycle. We know that the chemical prices will be suppressed, let's say for now. As an example, for three years, you get that upward trend for certain years, then it goes down again. So, it also helps with your pain."

Therefore, diverse teams approach problems from multiple angles, which gives them a chance to anticipate trends, anticipate trends, connect current events with historical events, and gauge oncoming risks or opportunities.

### 5.5.1.2 Enhanced Innovation

Team diversity creates more innovation by introducing different technical skills, generational perspectives and cultural viewpoints.

Interviewee 9 stated:

*'You're now seeing young, younger individuals and even individuals who come from an engineering or industrial engineering and other skills background or a mechanical engineering background who are African or coloured or Indian, so age diversity in the workplace is vital, especially the young generation bring new perspectives around technology and new thinking.'*

A mix of differing experiences broadens a team's creativity and adaptation abilities.

### 5.5.1.3 Customer bases alignment

Diversity helps to create a milieu for quicker decision-making that aligns with the appropriate customer bases. This is facilitated through diverse team members offering expert or informed input based on their diverse backgrounds than a homogeneous team still going to research about the aspect that falls outside their intellectual capabilities. As interviewee 7 explained:

*"You are accountable to customers and always need to constantly be sensing what your competitors are doing. It's about having the right mix and balance in the team."*

Interviewee 7 added that technical experts, such as engineers, design effective products; however, customers may not be interested in knowing all about the technicalities of a product, so marketers in the team are responsible for translating technical knowledge into language that consumers would understand and resonate with.

Interviewee 7 also referenced a failed a certain cosmetics product campaign that went terribly wrong because it had racist undertones. The interviewee stressed that local representation helps to avoid such costly mistakes. The interviewee emphasised the importance of local voices once again, referencing a popular soap in West Africa: *"It's really loved and so in a corporate brand as Geisha coming and competing with a soap like that. When the project team was formulating in terms of how to tap into a bit of the market share of that soap and sort of formalise how it's made. It's important that we get the local new answers as to why is it that the locals love and prefer."*

Interviewee 6 added, *"The advantage is like, like I said, it's the fact that you'll be checked out. In most cases that somebody would actually correct you if you do. If you're doing something wrong, it becomes easy because you're surrounded by a team that is surrounded by people who specialise in different things. They know different things. They can pick up wrong things easily."*

Diverse expertise ensures that business decisions cater to the needs and preferences of a customer base. Local and cultural knowledge helps teams to avoid mistakes such as culturally insensitive campaigns. Therefore, diversity also enhances the market's reaction to the organisation.

#### *5.5.1.4 Broader perspective augmentation*

Diversity expands a team's perspective and reduces blind spots. Interviewee 10 highlighted the advantages of diversity, including having a broader perspective, because each team member has a different approach to solving a problem.

Interviewee 11 explained:

*It reduces the blind spots and enables a more balanced response to external pressures. So, for example, when a strategic threat or opportunity arises, a diverse team is able to consider multiple dimensions: financial, operational, and others...This not only leads to stronger decisions being made...*

Interviewee 12 observed:

*"Team members from different backgrounds, cultural backgrounds interpret some events differently, right? So, when these perspectives are shared and debated constructively, the team gains a richer and more understanding of the environment, right? For example, a sustainability or a leader might view a regulation and compliance as an opportunity, while a finance-oriented leader might see it as an unnecessary cost, you get what I'm saying, so integrating both views, both views and leads to be balanced strategic interpretation."*

Integrating financial, operational, and market perspectives allows a team to evaluate threats and opportunities across various spheres. This broader view allows for timely decisions which are sensitive to the market and balanced to be made.

#### 5.5.2 Disadvantages of team diversity in making quick but important decisions

The advantages that were covered in the previous section coexist with three disadvantages, namely conflicting views, challenges to leadership and retardation of the decision-making process.

##### *5.4.2.1 Conflicting views*

Diverse teams are prone to conflicting views as a result of differences in background, communication styles and cultural understanding.

Interviewee 4 stated that:

*“And the certain personalities that don't work with each other, right. Well, listen, I mean, sometimes I think the language, because someone who speaks English every day or comes from an English background and someone like me who doesn't. Maybe the tone or the style of my communication could be different. But also, maybe my understanding of certain words that I use could delay decision-making and slow things down. I think certain things, but also you must know that I mean so, leading a diverse team.”*

This would make it difficult to reach decisions speedily, as the teams still need to consult and reach the same agreement. Interviewee 4 stated that a diverse team needs a strong leader to help resolve and reconcile differences, but this can also be time-consuming, which reduces the ability to decide quickly.

Interviewee 11 stated that a homogeneous team can reach decisions faster; however, a diverse team makes better decisions which are resilient in the long run. The interviewee added that HR plays a crucial role in mediating conflicting priorities in a diverse team. HR fosters psychological safety, inclusive dialogue and ensures that the decision-making process is structured and time-bound. Psychological safety is important as it helps team members to feel safe speaking up. HR is responsible for building a culture of collaboration and trust, so that when quick strategic responses are required, leaders can leverage their differences as a source of innovation rather than friction.

Interviewee 3 noted that in some instances, the minority of a team is overridden, “If the majority of the team is of a certain if there's, if there's less diversity in the team, yes, you might raise your opinions, but the majority will always win in any situation, right? So that as much as the other guardrails around, we all contribute towards making sure that decisions taken, everyone has contributed towards them, but at the same time, diversity matters, because if there's no diversity and also the people who are. But the minority sometimes shy away from talking in the rooms because, well, you know, it will always seem like they are the caretakers. So, in my case, I don't want to be the caretaker of the black community in the boardroom.”

Interviewee 12 added that some team members may assume that being challenged means that they are being dismissed, *“There's no wrong or right answer, but when somebody comes with an idea or perspective from their cultural background, and it's not seen I'm in the same light as they are seeing.*

*It comes as a disadvantage to say 'you guys are shooting me down', but it's not actually shooting you down, which is showing you that this is the way you must move, or we're not saying that your culture is wrong or right or what you are saying is wrong or right...”*

#### 5.4.2.2 Leadership Challenges

Without effective leadership, diversity may compound delays in decision-making.

Interviewee 1 stated that diversity becomes a problem when there is no clear leadership and clear outcome. Diversity causes challenges in the leadership of the team, as the team leader often has to resolve conflicting views and decisions.

Interviewee 4 emphasised, *“You need a strong leader who will understand that right and value that and kind alike facilitate a process to make sure that diversity delivers the benefits, but it should.”*

Interviewee 1 states another disadvantage for leadership:

*“I think what also could potentially be a disadvantage is managing the various personalities in a diverse team. Introverted people may not speak up quite quickly. People who are extroverted speak up quite quickly, and you need to be able to merge the two to see whether you’re going to get a good enough outcome. So that could be some time. You could get people who are too set in their ways.”*

Interviewee 5 alluded that leadership can also cause a slack in decision-making.

*“As much as people called it the fear culture, I called it the post mentality culture. You know, they sit in people whom you cannot really interrogate, or you can’t even. You’re not even allowed to unlock your brain capacity because. Some people have picked who can do that, then, then, then move on”.*

#### 5.4.2.3 Decision-Making Retardation

While diversity was praised for its capability to catalyse rapid decision-making, if not carefully managed, it retards the process. Consultation, which is required in diverse teams, tends to slow down decision-making if not streamlined properly. Interviewee 1 expressed the following view:

*“I think the biggest challenges that... in terms of decision making, it’s very slow and that is because people come with their, you know, different ideas, different opinions, different perspectives and that delays decision making on how we’re going to go and move forward, because now we have to collaborate and rediscuss and consider every single possible option.”*

Interviewee 1 added that some decisions in a multinational company require different stakeholders’ input, such as the global team and regional team, which slows things down.

Interview 12 added that sometimes discussions become heated, which would require the team to regroup, taking up more time.

*Interview 8 added, "It does take a long time, number one in terms of availability, like people, different timings. So that is one reason for the delay, but also discussions around one thing can take a really long time because somebody has a different perspective. Somebody else has a different perspective."*

Interviewee 6 mentioned that decision-making in diverse teams can take hours, days, or even months, especially if rework is required. Additionally, interviewee 10 stated that things tend to change quickly in the external environment, which would further slowdown decision-making.

Interviewee 2 summarised the challenge:

*"As much as getting diverse views is critical. It can also slow you down in terms of especially if you don't have a clear process. For instance, for. For us, we take the lead when it comes to strategy formulation, but financial decisions lie with finance. So, there are those overlapping areas."*

## 5.6 Conclusion

The chapter presents research findings which it presented thematically under the three research questions, which are spread across the sub-questions of each question. The first question addresses how diversity within TMT contributes to sensing the external environment. Two themes emerged under this question. The first theme focuses on the influence of diverse backgrounds, experiences and perspectives on TMT's collective assessment, identification and interpretation of market trends. Seven sub-themes were identified and discussed under this theme. The second theme relates to the interviewees' perspectives on the significance of diversity in information collection and analysis from customers and the wider industry. Four sub-themes were identified and discussed under this theme.

The second question asked about ways in which diversity within TMT influences the interpretation of perceived information to facilitate collective sensemaking. Three main themes emerged. The first theme pertains to the prevailing perspective among TMT members that shaped the interpretation of market information and how this impacted the team's collective comprehension and decision-making process. This theme is anchored by three sub-themes; the second theme under question two is about the influence of team diversity on collective sensemaking of a complex situation or market development. This is also supported by three sub-themes. The third and last theme under this question is about processes and practices that facilitate the reconciliation of differing perspectives amongst members of the TMT. Five processes were identified and discussed under this theme.

The third and last question sought to establish the benefits and challenges of TMT diversity in enabling prompt sensing and sensemaking. Two themes emerged and were fashioned as advantages and disadvantages of working in a diverse team when making quick but important decisions, respectively. Four advantages and three disadvantages were identified and discussed.

## Chapter 6 Discussion

### 6.1. Introduction

This chapter presents a discussion of the study's main findings in line with the research aims and the literature reviewed in Chapter Two. The purpose is anchored on interpreting the results, explaining their implications, and positioning them within the broader theoretical and empirical context. While the preceding chapter outlined what the study found, this chapter explores why these findings matter and how they may contribute to existing knowledge.

This discussion begins by re-examining the primary aim of the research to explore how diversity within TMT influences the organisation's capacity for sensing and sensemaking. This analysis integrates the empirical results with established theories of strategic management, sensemaking, and upper echelons theory. The areas where the current findings align or diverge from previous studies are highlighted to illustrate both theoretical contributions and practical implications.

The chapter is structured around the three research questions and key themes that emerged from the data while ensuring the aims of the research are fulfilled.

This research conducted in-depth interviews with senior executives (TMT) from various industries to explore how TMT diversity influences the sensing and sensemaking of the external environment. The study aimed to offer detailed insights into the relationship between TMT diversity and the organisation's sensing and sensemaking processes, facilitating business continuity through market alignment. In doing so, the research aimed.

- a) To examine TMT diversity's role in sensing market changes.
- b) To investigate how TMT diversity influences collective sensemaking during decision-making on matters about the external environment.
- c) To examine the benefits and challenges of a diverse TMT in achieving quick sensing and sensemaking.

### 6.2. Research Question 1: How does diversity within TMT contribute to sensing the external market?

In answering this question, the study used three sub-questions. The first question sought to establish the ways in which TMT diversity influences the way they collect, assess, identify and interpret emerging markets. The second sub-question required the participants to offer examples where diversity contributed to them identifying market threats and opportunities. The third sub-question required the participants to offer scenarios that depicted the significance of diversity in influencing market information collection and analysis. While three sub-questions were asked during the interview, thematic analysis culminated in clustering of the themes

under two broad areas, whereby the examples and scenarios became embedded in their responses rather than as stand-alone responses.

#### 6.2.1 TMT diversity's influence on data collection, assessment and interpretation

Empirical data collected in this study suggest that team diversity influences the above in seven ways. It enhances the harnessing of different viewpoints to the advantage of the sensing and sensemaking exercise. It also prevents groupthink, brings market insight, improves risk management, augments identification of new opportunities and enhances project success.

As members bring to the team diverse viewpoints, this becomes a strength that the organisation exploits in achieving the results. This is aligned with Pitelis et al.'s (2023) and Narayan et al. (2021) findings that diversity enhances organisational capacity through the inclusion of diverse experiences, cultural backgrounds, and viewpoints. A collection of these forms of diversity leads to a better understanding of complex and dynamic external markets. Similarly, other studies by Bunderson and Sutcliffe (2002) and Li et al. (2021) discovered that diversity is a fundamental resource as it enhances perspectives and resources for decision-making.

Research participants alluded that members of TMT bring to the organisation experience that can generally enhance the organisation's capabilities if they express their views and expertise freely. This study revealed that this kind of trait contributes to them minimising groupthink, a tendency for team members to cease expressing their thoughts as individuals in a group situation (Green & Luong, 2023). Research participants openly expressed that joining the TMT with an open mind has proved to benefit the organisation if members do not withhold their unique diverse backgrounds. For them, expressing these diverse opinions minimises a situation whereby the institution is controlled by dominant thoughts instead of constructive criticism (Damanik & Wening, 2024).

Findings from this study also credited diversity for managing risks. Participants illustrated this by highlighting that individual members who come from different academic backgrounds enrich the team's risk management capabilities. For instance, when confronted with a complex market situation, members with a financial background tend to focus on financial sensemaking, while those with an engineering background delve into the technical solution to the situation. In this regard, they come up with a holistic approach to address the situation. This is aligned to Li et al.'s (2021) perspective that functional diversity provides broader knowledge and viewpoints, allowing for the tackling of intricate organisational issues and formulating comprehensive, futuristic-strategic decisions.

Similarly, diversity contributes to improved capability to identify opportunities. The findings suggest that team heterogeneity broadens market awareness and helps to detect unmet customer needs. Thus, research participants posit that diversity in the form of academic backgrounds, if properly used, does not polarise the team but enriches the team's capabilities constructively. This, they believe, helps them to bring different perspectives in analysing market opportunities. Congruent with this finding, Li et al. (2021) diverse promotes creativity and adaptation, which may be useful in identifying market opportunities. Contrary to this perspective, nonetheless, and contrary to the findings by the researcher, functional diversity incurs challenges, Bunderson and Sutcliffe (2002) warn that functional diversity may contribute to potential disputes and communication problems due to different functional agendas.

Responses to this question further illustrated that team diversity may enhance project success. They attribute this factor to team collaboration across departments within the organisation. They argue that diversity serves as an integrative mechanism that connects technical, financial, and behavioural insights, facilitating more informed strategic sensing. The work of Krause et al. (2022) supports the findings but highlights that it may have adverse effects that have to be managed, such as decision-making efficiency and team cohesion, particularly if the TMT lacks robust integration structures or common objectives.

#### 6.2.2 Respondents' perspectives on the significance of team diversity in data analysis

Findings under this sub-question brought about four key findings. These findings acknowledged that intersectional diversity enriches data analysis; it augments interpretation of market nuances; enriches sensemaking through promotion of a holistic market perspective; and offers a balanced perspective.

Intersectional diversity was viewed from the perspective of different forms of diversity, such as race, gender and educational background. Research participants highlighted that these various forms of diversity enable team members to bring different yet complementary perspectives that shape what needs to be done to fill the gaps that are found in the market. Findings also highlighted that this could only be realised if team members do not allow certain perspectives to dominate the team's thinking. In other words, the group's shared thoughts and opinions should not inhibit individual creativity, which may be necessary to dispel any bias (Green & Luong, 2023). Damanik and Wening (2024) argue that this advantage can be achieved through effective team leadership that promotes active individual participation, regardless of their different backgrounds.

Research findings also alluded that recognition of team diversity also contributes to the team's capability to interpret market nuances. The interviews revealed that through diversity, the team optimise their understanding of their diverse backgrounds and consumer behaviour, leading

to more efficient and informed decision making. This finding contradicts findings from Bengtsson et al.'s (2020) study, which discovered that a diverse demographic background, if not appropriately managed, may inhibit the team's ability to navigate complex and paradoxical challenges. In other words, it may contribute to the reduction of trust and cohesion, which may contribute to the conflict to the point of loss of collaboration (Ponomareva et al., 2022).

Contrary to the respective findings by Ponomareva et al. (2022) and Bengtsson et al.'s (2020) as highlighted above, research participants continued to present a positive perspective of the influence of team diversity. They are of the opinion that diversity promotes a more holistic view of the market by combining perspectives across disciplines. They observed that diverse teams present the organisation with an opportunity for a multidimensional approach, which they believe helps organisations to respond more effectively to changing market conditions.

Arising from the above perspective, findings from this study also highlighted that team diversity brings to the fore the benefits of balanced perspectives in market analysis. Several interviewees observed that diversity promotes a more holistic view of the market by combining perspectives across disciplines. Some group members used the example of team members who come from different academic backgrounds to illustrate this benefit. For instance, an engineer would generally bring technical design expertise to the team, whereas a quantity surveyor is likely to bring a quantitative inclination when it comes to the costing of action plans, including product development. If properly managed, this process may enforce group cohesion in data analysis as they tap into each other's strengths of their dynamic capabilities (Damanik & Wening, 2024).

6.3 Research Question 2: In what ways does the diversity of TMTs influence the interpretation of perceived information to facilitate collective sensemaking?

This research question had three sub-questions. These sub-questions sought to determine the scenarios of prevailing perspectives that shape the interpretation of market information, the influence of team diversity on collective comprehension of a complex situation, and the processes that facilitate reconciliation of differing team perspectives.

6.3.1 Scenarios where prevailing perspectives shape the interpretation of market information among team members

Regarding scenarios of the prevailing perspective that shape the interpretation of market information among team members, the study revealed three factors, namely customer segmentation, social class perspectives, and types of diversity. From the perspective of the research participants, prevailing assumptions among members of the TMT may distort customer segmentation due to market misinterpretation. For instance, one participant highlighted how an argument ensued regarding the relationship between the value of the

remittances that foreign nationals send to their home countries in relation to what they spend in their host countries. This scenario does not only reveal the role of dominant opinion in spreading market misconceptions, but it also shows how bold team members dispel groupthink. She did so by taking a bold step without conforming to the prevailing perspective and not suppressing her isolated perspective (Damanik & Wening, 2024).

The bold step taken by a group member, as reflected above, also demonstrates the role of social class in a form of migrant community that may be misinterpreted during data analysis. In relation to the social class perspective, the study unveiled that it can also bring nuanced insights to the team, especially when discussing the nuances of different types of market segments. For instance, one research participant highlighted that exposure to one's low-income background may be useful in bringing understanding to that market, even though one has moved to the middle-income market segment. She used this as a scenario of prevailing perspective, which, in her own words, is the prevalence of poverty and the low-income population in the market where she serves. She thus acknowledged that such a situation helped her with practical experience to analyse market information. Her background contributed to her not falling for group consensus (Green & Luong, 2023), but used her historical background to overcome the undue pressure of group cohesion over reality (Damanik & Wening, 2024).

Functional and cultural diversity were also used to offer scenarios of prevailing perspectives on shaping the interpretation of market information among TMT. Functional and cultural diversity can help teams to avoid making assumptions based on trends or experiences from other markets. The findings suggest that functional and cultural diversity allow teams to diligently evaluate market information instead of relying on assumptions. Senior management has to take advantage of these kinds of diversity and perceive them as resources that help them to enhance creativity, adaptability, and the quality of strategic decisions (Narayan et al., 2021). It achieves this through promoting creative idea production and organisational learning, but may also contribute to interpersonal disputes, decline in team cohesion and retardation of the decision-making process (Post et al., 2021).

### 6.3.2. The influence of diversity on reconciling perspectives and achieving collective sensemaking

The research showed that team diversity greatly increases knowledge of complex market situations and strategic challenges. Participants said diverse teams could examine complex data from multiple viewpoints and experiences, making more fair and informed decisions. A platform for participation, seasoned leadership, and collaboration improve communal understanding, according to the findings. The findings can be located in sensemaking theories

that explain how humans perceive and interpret information. Sensemaking is found to be a process by which individuals and groups interpret ambiguous events to construct realities, focusing on themes like discourse, power dynamics, micro-macro processes, identity, and decision-making that are vital in this case, TMT reaching a collective understanding (Brown et al., 2015). Dervin (1999) highlighted the importance of user-centred insights, the predictive power of situational contexts, and the role of emotions in sense-making, thus corroborating the findings that diverse settings influence collective sensemaking (collective understanding of the team).

The study specifically revealed that diversity influences collective understanding of complex situations through the use of a diverse team as a forum to garner ideas as a contribution to decision-making, a platform to develop and discharge group leadership and an environment for meaningful collaboration. Regarding the forum for idea contributions, TMT serves as the primary source of sensemaking. Team members bring their diverse backgrounds to the fore, cognitive diversity to enhance creativity, adaptability and quality strategic decision-making (Narayan et al., 2021). Participants indirectly alluded to this theory by emphasising that inclusion helps in the thorough assessment of issues through a basket of skills that they bring to the team as individuals. The approach of managing a participation platform or a contribution platform aligns with research by Vaara & Whittle (2022) on how power is integral to this process, with influential members employing discursive strategies to steer discussions and enforce their preferred interpretations.

Diversity also serves as an environment for the development and discharge of leadership that contributes to the collective sensemaking of complex situations. The capabilities that individuals bring to the team from diverse backgrounds are a resource to this process. Teamwork requires collaboration, as illustrated by inputs from interviewees who acknowledged that diverse academic backgrounds enrich decision-making. However, strong leadership is required to enforce this collaboration as it guides the decision-making process (Damanik & Wening, 2024). As the diverse TMT develops and executes sensemaking endeavours, a cadre of leadership develops that diverse perspectives are considered to avoid blind spots and to promote effective collaboration (Whittle et al., 2023).

TMT diversity requires sensemaking, especially collective sensemaking, because different leadership teams bring different perspectives, experiences, and interpretations to organisational issues (Cristofaro, 2022). Diversity can enhance sensemaking by widening frames and interpretations, encouraging novel solutions, and improving adaptation in complex circumstances. It takes conscious and intentional efforts to combine disparate perspectives into a single understanding to provide successful decision-making and organisational

coherence (Weick, 2020). Hence, the findings about the contribution forum support and are an example of the assertion by Weick (2020) to have intentional efforts to achieve collective sensemaking. Furthermore, the atmosphere profoundly impacts collaborative sensemaking methodologies, especially in strategy-making workshops. Four primary atmospheres, namely relaxed-calm, tense-sharp, pensive-serious, and excited-buoyant, enable distinct sensemaking approaches, influencing the framing and interpretation of situations, particularly in TMT encounters (Knight et al., 2024). Thus, the role of leadership, especially the CEO, is elevated in influencing collective sensemaking (collective understanding) through setting the atmosphere of meetings and engagements of the TMT that influence collective sensemaking, thus giving credence to the findings of this research. The work by Yuan et al. (2025) raised the importance of mature leadership in managing tensions and contextual influencers of collaborative dynamics in decision-making by intentionally escalating or de-escalating tensions to achieve collective sensemaking or collective understanding. Hence, leaders ought to interpret these tensions and adjust their actions accordingly, shaping the trajectory of collaboration, thus confirming the findings from the participants.

In diverse teams, collaboration underpins understanding. Good collaboration helps conflicting beliefs coexist, allowing the organisation to combine multiple perspectives into cohesive tactics, participants said. Collaborative leaders listen to different perspectives and guide the team to a consensus. This strategy ensures that team decisions reflect team intelligence rather than individual dominance. Knight et al. (2024) built upon Snowden's sensemaking theory by introducing four sensemaking styles related to atmospheric dynamics: Consolidating, Considering, Clashing, and Creating. This analysis illustrates the impact of cognitive processes, physical interactions, and affective atmospheres on collective sensemaking in order to achieve collaboration, thus affirming the role of collaboration as per the findings.

### 6.3.3 Mechanisms for reconciling differing perspectives and achieving shared understanding

Mechanisms that reconcile differing perspectives among team members entail a combination of processes and practices that team members deploy to establish collective market understanding. The analysis of empirical data in this study unveiled that differing opinions amongst team members are reconciled through the use team collaboration, conformance to organisational culture and policies, open communication and adaptation to varying settings.

Team collaboration usually happens in regular engagements in the form of scheduled team meetings and brainstorming sessions. Research participants said that these mechanisms promote inclusivity and collective ownership of ideas. Research participants emphasised that

this requires effective leadership to facilitate open discussion to enable group members to contribute equitably without prejudice (Damanik & Wening, 2024).

Policies have also been highlighted as another mechanism that is used in the reconciliation of differing opinions. Some participants indicated that organisational policies on diversity have proved to be useful in this regard, as they inculcate discipline and conform to the concepts of diversity. As team members familiarise themselves with these policies, they are expected to align their opinions with the precepts of these policies, which ultimately promote free sharing of inputs without fear of being judged. These findings support the findings by Kieran et al. (2022), which explained the role of policies in the context of the human resources department and policies in shaping sensemaking. They assert that human resources policies should cultivate an environment of equity, which fosters trust and involvement (Kieran et al., 2022).

Related to adherence to organisational policy is the conformity to organisational culture. Interviewees highlighted that an inclusive organisational culture has become an essential factor in conflict resolution, including reconciliation of differing opinions among team members. In their respective deliberation on the role of organisational culture, interviews mentioned that teams embedded in cultures that promote collaboration, continuous learning, and respect for diverse viewpoints demonstrated greater proficiency in converting conflicts into innovative solutions. They further highlighted that a strong, values-driven culture serves as a standard that helps align differing viewpoints towards shared corporate goals. This relates well to the work of Means and Mackenzie Davey (2023) that recognised that organisational culture provides the context within which sensemaking occurs. Their findings suggest that organisational culture influences how individuals interpret events, construct their identities, manage conflicts, and learn from experiences. This culture can be a product of policies that are managed by the human resources in the quest to influence the collective sensemaking, especially in the managerial domain (Kieran et al., 2022).

Adherence to organisational culture, research participants also highlighted the need for transparent communication. They indicated that from their experience, transparent communication should be an integral part of reconciling differing opinions in any setting, such as one-on-one sessions, stakeholder engagement meetings and internal team meetings. For them, transparent communication should entail open communication that counters the spread of premature shared thoughts before a robust team engagement (Green & Luong, 2023). In concurrence with this observation, Whittle et al. (2023) argue that communication is vital for the construction, sharing and negotiation of meaning in organisational sensemaking.

The scenarios that interviewees highlighted in terms of the milieus in which communication takes place led to the identification of the need for team members to adapt to varying settings.

Interviewees highlighted that for reconciliation of differing opinions to thrive among team members, team members need to understand and adapt their communication strategies to varying settings. For instance, they perceive informal settings as favourable for open, genuine discourse, whereas formal settings are meant to be systematic as they employ procedures to make decisions. Harmonising these environments is essential as it allows businesses to acquire diverse insights and emotional signals, thereby improving mutual understanding and decision quality. This finding is found and confirmed in the work of Knight et al. (2024), which speaks to the atmospheric settings of strategy workshops, i.e. meetings to achieve collective sensemaking, influencing how the members achieve collective understanding. This suggests that sensemaking outcomes are not ordinarily determined by the problem's characteristics, as suggested by Snowden and Boone (2007) with the Cynefin framework, but also by the affective and embodied context in which sensemaking occurs, as highlighted by the findings from this study.

6.4 Research Question 3: What are the benefits and challenges of TMT diversity in enabling effective sensing and sensemaking?

This question sought to gather data on the advantages and disadvantages of working in a diverse team when making quick but important decisions, under these two categories

6.4.1 Advantages of working in a diverse team when making important decisions

Findings under this question culminated in the emergence of four themes, namely deeper problem-solving capabilities, enhanced innovation, customer-based alignment and broader perspective augmentation.

The findings suggest that diversity increases the depth of problem-solving by allowing people from different backgrounds to approach challenges from multiple perspectives. Moreover, they posit that diverse teams have wider thinking with a myriad of possibilities and opportunities, whereby multiple points are touched at once. This finding is consistent with findings from a study conducted by Lefrid and Tuma (2024), who discovered that gender-diverse teams in the hospitality industry have been found to have commendable problem-solving abilities that contribute to customer satisfaction. A study by Pan, Tang and Ismail (2024) attributes the advantage of team diversity in problem solving to the quantitative variety of ideas and knowledge.

On the advantage of enhanced innovation, the findings revealed that team diversity creates more innovation by introducing different technical skills, generational perspectives and cultural viewpoints. Congruent to this finding, a study by Lefrid and Tuma (2024) discovered that racial and ethnic diversity contributes to customer interactions and intercultural competence. Combined with other forms of diversity like age diversity, this form of diversity is credited for

enhancing innovation in decision-making and team performance (Lefrid & Tuma, 2024). According to Pan, Tang and Ismail (2024), diversity contributes to innovation as members from diverse backgrounds exhibit various ways of thinking. These points align with existing literature, which states that TMTs can recognise opportunities and are more innovative when they gather different insights and experience (Farzaneh et al., 2022). Moreover, diversity fosters creativity, innovation, and a global outlook, essential for recognising opportunities in foreign markets and adapting to rapidly changing conditions (Pitelis, 2022).

It was also discovered that team diversity helps to create a milieu for quicker decision-making that aligns with the appropriate customer bases. The study specifically highlighted that diverse team members offer expert or informed input based on their diverse backgrounds, whereas a homogeneous team still has to research. The research participants attributed this need to research the ideas because they perceive homogeneous teams to occasionally have limited knowledge outside their intellectual capabilities. Citing the example of ethnic and racial diversity, Lefrid and Tuma (2024) argue that diversity not only contributes to team effectiveness but also leads to healthy customer relations where they serve a diverse client base.

The last advantage of team diversity, as discovered in this study, is that it augments broader perspectives among team members, thereby reducing blind spots in decision-making. This assertion is related to Pan, Tang and Ismail's (2024) discovery of the quantitative advantage brought about by diversity in teams. They argue that various diversity factors broaden the team's perspectives than in a homogeneous team, which may be limited in explicit and tacit knowledge. This is consistent with findings from the study by Ponomareva et al. (2022), which found that demographic and cultural diversity provides unique demographic and cultural insights into customers' needs.

#### 6.4.2 Disadvantages of working in a diverse team when making important decisions

While the study has discovered some useful advantages of team diversity, it also identified three major disadvantages, viz., side effects of conflicting views, team leadership-related challenges and decision-making process retardation.

The study recognises that differences in background, communication styles and cultural understanding generally result in the emergence of conflicting views. Research participants argued that, as team members come with different perspectives that are influenced by their diverse backgrounds, their views may contribute to polarised opinions. Related to this claim, Smith and Wright (2023) discovered that diversity may also bring stereotypes to the fore, e.g. age diversity may result in generational conflicts, which may have adverse effects on team

cohesion. In some instances, diversity may create tension like racial polarisation within the team, resulting in the disruption of team cohesion (Chen et al., 2023).

Diversity also breeds leadership-related challenges. Research participants sustained this claim by stating that diversity brings about conflicting views. They argued that without strong leadership, these conflicting views may result in the collapse of the team. This implies that in the absence of a strong leader who directs the team's energy towards reconciliation of their input, the team is likely not to achieve its objectives. This observation is also supported by findings from other studies. For instance, Damanik and Wening (2024) found that managing diverse teams require an effective leader who will encourage active participation while discouraging domination. Likewise, an effective leader should also depict a non-autocratic style. Such a leader should empower team members to effectively work towards a common goal by creating an atmosphere of openness to ensure productive team meetings (García-Granero et al., 2018). Concomitantly, Yuan et al. (2025) advance that managing tension to achieve collective understanding requires that leaders facilitate the process of navigating conflict among team members. Therefore, a TMT's ability to utilise diversity is dependent on the leader's skill in creating psychological safety, mediating conflict and combining various perspectives.

In addition to the two disadvantages that were covered in this section, the study also found that team diversity may contribute to decision-making retardation. This is because reconciling differing opinions requires consultation, ultimately slowing down decision-making. These findings align with the literature, which states that TMT diversity can lead to conflicts, reduced cohesion, and slower decision-making, which in turn affects strategic agility (Díaz-Fernández et al., 2020; Miller et al., 2022; Narayan et al., 2021). The data thus confirms that the depth of analysis achieved through diversity tends to come at the cost of celerity.

A closer comparative analysis of the advantages and disadvantages of team diversity suggests that the positive aspects outweigh the negative aspects. The interviewees all shared that the benefits of deeper analysis, enhanced innovation, and stronger market alignment outweigh the costs of slower decision-making and team conflict. One interviewee said that diverse TMTs make decisions that are "resilient in the long run".

## 6.5 Theoretical Relevance of the Findings

The Dynamic Capability Theory emerged from the research conducted by Teece et al. (1997), highlighting the organisation's capacity to integrate and reconfigure resources and knowledge in order to navigate complex and evolving environments through the processes of sensing, seizing, and transforming. Central to this theory is the organisation's capacity to sense, which entails collecting pertinent data from the market and interpreting it to inform strategic decisions

regarding the exploitation of identified opportunities mitigation of sensed risks. The findings can be located in the Dynamic Capabilities Theory and recognise and incorporate the often neglected sensemaking aspect. It holds significant importance, particularly as leaders interpret information and determine subsequent actions regarding the pursuit of opportunities in the external environment. The findings affirm the influence of TMT diversity in sensing of market environment. As explained, diverse TMTs use complementary perspectives from different educational, professional, cultural, and generational backgrounds to boost market analysis. Diversity helps teams identify new trends from different perspectives and provide better strategic insights by evaluating market signals. Team diversity reduces groupthink and unchallenged beliefs. Diversity encourages productive arguments, critical reflections, and cognitive frictions, which improve decision-making and reduce market information bias, thus positively influencing the sensing aspect of Dynamic Capabilities as put up by Teece et al. (1997).

Members' different cultural and socioeconomic experiences help the team understand market dynamics, consumer behaviour, and socio-political variables. Diversity in leadership helps companies reach more customers and notice subtle changes in customer preferences, especially in multi-ethnic countries like South Africa. producing detailed strategic market information. Cultural similarities between executives and customers can strengthen relationships and trust. Cultural competency improves team members' sensitivity to local and international business conventions, boosting adaptation and market engagement. This elevates the importance of recognising the diversity in TMT as a critical factor in the Dynamic Capabilities theory of Teece et al. (1997).

Also, the findings showed that integrating functional and cultural perspectives improves risk and blind spot identification. Functional and experiential diversity helps teams foresee operational, regulatory, and socio-political difficulties and design dynamic risk mitigation solutions. Diversity of professional and cultural viewpoints raises market awareness of untapped prospects. Diverse analytical methodologies and information sources boost innovation and creative problem-solving in heterogeneous teams. While looking at the sensing aspect of Dynamic Capabilities, the findings aligned with the aims of the research can confirm the influential role of TMT diversity in the organisational Dynamic Capabilities, as articulated by Teece (2018).

This study introduces a new perspective to the Dynamic Capabilities theory by examining the aspect of sensemaking, which is not clearly defined in the current version of the theory. It was designed to explore how diverse TMT influences sensemaking, particularly of the sensed data,

thereby creating meaning that forms the critical foundation for decisions about which opportunities to pursue and risks to manage.

In support of this contribution, Pitelis et al. (2023) emphasised the significance of sensing in navigating complexity, particularly for organisations functioning in fast-evolving markets. The emphasis on sensing and sensemaking pertains to the methods by which business leaders collect data, insights, and market intelligence, interpret this information, establish a shared understanding, and adjust their resources to secure a competitive edge (Zahra et al., 2022). The existing literature lacked a comprehensive examination of the interaction between dynamic capability (sensing) and its antecedents, particularly TMT characteristics (diversity), in relation to organisational performance (Pitelis et al., 2023). By bringing in the sensemaking aspect in strategic management, these findings may enrich the lens of viewing the Dynamic Capabilities theory by incorporating the sensemaking aspect, especially the work of Knight et al. (2024) that looked at the atmosphere in which TMT leaders make sense of sensed environmental data, and the work of D. J. Snowden & Boone (2007) looking at the domain in which the business influences how the TMT make sense of it, using the Cynefin framework.

Another lens to view these findings, Samimi et al. (2022)'s strategic leadership framework, acknowledged the significance of diversity in the operations of the TMT. By bringing the sensing and sensemaking aspect, this can enhance the framework as it can clearly define some tangible influences. This study was built upon Samimi et al.'s (2022) strategic leadership framework with the intention of providing detailed insights into how TMT diversity impacts strategic leadership, particularly in relation to the organisation's ability to sense and make sense of dynamic environments. Teece (2020) and Samimi et al. (2022) described dynamic capabilities as evident in the daily actions and routines of management; therefore, this study has established a connection between sensing, sensemaking, and TMT diversity, thus confirming the importance of understanding TMT diversity's influence in sensing and sensemaking, which is critical to strategic decision making, especially in a dynamic external environment.

#### 6.6 Business relevance of the findings

In the domain where markets are rapidly changing and competitive, organisations are increasingly relying on their TMT to sense emerging trends, make sense of complex market signals, and strategically intervene with agility and precision. Nevertheless, most of the past studies on diversity (especially in top leadership) have taken a narrow view of focusing primarily on one dimension, such as gender or race, while neglecting the broader-view and multi-dimensional nature of diversity that encompasses cognitive, demographic and functional (Novacek et al., 2023). This narrow approach has left a business knowledge gap in

understanding how the full spectrum of TMT diversity influences sensing and sensemaking processes in dynamic business environments.

This study, therefore, presents a compelling business case for executives to consider diversity, especially in TMT, by establishing a definitive link between TMT diversity and the organisation's ability to interpret and respond to external environmental changes. It demonstrated that diverse leadership teams enhance organisational learning and innovation by drawing from a wide range of cognitive, cultural, and experiential perspectives. Through the clarification of the how part of diversity in influencing sensing and collective sensemaking and timely decision-making, the study has provided actionable insights for businesses to organise and structure their leadership teams more strategically while maximising diversity not merely for compliance, tokenism or representation as is usually the case in most organisations, but as a driver of strategic responsiveness and long-term performance.

Unlike typical business research, which is often constrained by corporate interests or specific organisational agendas, this study was conducted within an academic framework that prioritised impartiality, rigour, and theoretical contribution (Hair et al., 2020). Usually business business-sponsored studies faced risks of producing biased or predetermined findings aligned with the financial interests of the sponsors, thus, limiting their objectivity and general applicability. In contrast, this study's independent academic stance ensured that its conclusions are grounded in scientific integrity and empirical evidence rather than organisational bias, offering a credible and balanced understanding of TMT diversity's role in strategic agility, especially in the sensing and sensemaking of the external environment.

From a practical standpoint, the findings of this research provide valuable guidance for boards and senior executives in designing diverse leadership structures capable of navigating complex market conditions. In highlighting how TMT diversity enhances sensing and sensemaking, the study contributes both to scholarly knowledge and to managerial practice. It equips business leaders with a framework to harness diversity as a strategic lever that enables fast, more informed, and balanced decision-making in volatile and uncertain environments.

## 6.7 Conclusion

The chapter discussed the research findings from empirical evidence, which it tested against existing scholarship. It used the three research questions to group the findings, which were packaged thematically. It started by presenting findings on how diversity within TMT contributes to sensing. This was followed by the discussion of findings on how team diversity influences sensemaking. The findings on the benefits and challenges of TMT diversity in enabling a prompt strategic response were discussed. It then shared some insights on the

theoretical relevance of the findings as well as their business relevance. Generally, most findings from empirical data collected in this study are aligned with existing knowledge in relation to the influence of diversity in TMT.

## Chapter 7 Conclusion

### 7.1 Introduction

This chapter presents critical conclusions in relation to the three research questions, significance of the study and its limitations. In their critical presentation, the chapter identifies strength and weaknesses of each aspect, leading to the identification of gaps that have to be addressed in future studies. The presentation of the conclusions in relation to the research questions considered the extent to which these questions were addressed through the validation of the findings with existing scholarship. The researcher generally argues that all the research questions were fully met but some actions in future studies could be taken to enhance similar studies in future. Similarly, the findings led to the conclusion that these findings could be beneficial to business and recommends specific actions that business could be considered to optimise the benefits of TMT diversity while minimising its adverse effects. Before embarking on all these aspects, the chapter starts by recapping on the research objective.

### 7.2 Research objective

The study sought to explore how TMT diversity influences sensing and sensemaking of the external environment. This is in recognition of the fact that the organisation's ability to scan and interpret the external environment is a crucial input to its strategic responsiveness (Andersen, Aagaard & Magnusson, 2022). Backed by the findings of the literature review conducted in this study, the researcher also noted a call from scholars such as Pitelis et al. (2023) and Roberson et al. (2024) to explore dynamic capability (i.e. sensing), and the relationship with its human antecedents. The study successfully fulfilled this objective by embarking on interviews that asked research participants three main questions, which had sub-questions. These are covered in the next section.

### 7.3 Research Question 1

The first research question sought to answer how diversity within TMTs contributes to sensing the external market. This research question was fully answered. The research question was answered by looking at how TMT diversity influences data collection and interpretation. It was discovered that team diversity enhances the harnessing of different viewpoints to the advantage of the sensing and sensemaking exercise. It also prevents groupthink, brings market insight, improves risk management, augments identification of new opportunities and enhances project success. This finding agrees with findings from previous studies by other scholars like Narayan et al. (2021), Ponomareva et al. (2022), Krause et al. (2022).

The findings also acknowledged that team diversity is significant in shaping members of the TMT's market data analysis as it ameliorates the interpretation of market nuances, enriches

sensemaking through promotion of a holistic market perspective, and offers a balanced perspective based on the teams' diverse backgrounds and perspectives. This is congruent with findings from studies that stress it creates an environment for individual creativity, which may be necessary to dispel any bias (Green & Luong, 2023). If properly exploited, team diversity may enforce group cohesion in data analysis as group members tap into each other's strengths of their dynamic capabilities (Damanik & Wening, 2024).

#### 7.4 Research Question 2

This question sought to answer, "In what way does the diversity of TMTs influence the interpretation of perceived information to facilitate a shared understanding?"

To answer this question, the study shared scenarios about prevailing perspectives that shape the interpretation of market information among team members. In this regard, the study revealed that prevailing perspectives among team members occasionally distort market information due to wrong assumptions. To counter this, members who come from an informed background may dispel these wrong assumptions by boldly presenting factual information to counter such myths. The finding also linked these assumptions to the influence of social class that team members might be associated with. Those who have firsthand experience of the target market in the particular social class may use their background to bring clarity to the interpretation of the perceived information to facilitate a shared understanding. Literature suggests that for diverse teams to achieve this, team members should avoid groupthink (Green & Luong, 2023) but should use their exposure to the market segment to demystify the undue pressure of group cohesion over reality (Damanik & Wening, 2024).

The above could be some of the mechanisms that could be used to reconcile differing perspectives to achieve group shared understanding. Furthermore, this finding also highlights that diverse teams have the advantage of examining complex data from multiple viewpoints and experiences based on their diversity. This could be so as diverse teams offer a platform for participation and collaboration that enhances communal understanding of issues understanding (Brown et al., 2015). Likewise, differing opinions amongst team members may be further reconciled through the use team collaboration, conformance to organisational culture and policies, open communication and adaptation to varying settings.

Prior studies showed that team collaboration requires effective leadership to enable group members' equitable participation to mitigate groupthink (Damanik & Wening, 2024). Organisational policies on diversity were also highlighted as crucial in inculcating conformity to the promotion of diversity in the company to foster unity, trust and involvement (Kieran et al., 2022). The findings also acknowledged conformity to an organisational culture that is pro-

diversity. This is supported by the work of Means and Mackenzie Davey (2023), that recognised that organisational culture provides the context within which sensemaking occurs.

### 7.5 Research Question 3

What are the benefits and challenges of TMT diversity in enabling effective sensing and sensemaking?

Findings were categorised between the advantages and disadvantages of team diversity in prompt decision-making. On the advantages' side, the study revealed that team diversity provides deeper problem-solving capabilities, enhances innovative decision-making, offers backgrounds that may align with the customer base and also augments broad perspectives on the issues. These findings were deemed to be not far off from other studies' findings. For instance, Lefrid and Tuma (2024) discovered that gender-based diversity amongst teams in the hospitality industry contributes to quick problem-solving that leads to customer satisfaction. Likewise, they discovered that racial and ethnic diversity contributes to customer interactions and intercultural competence (Lefrid & Tuma, 2024). Similarly, Farzaneh et al. (2022) credit TMT diversity for its contribution to the identification of opportunities and innovation, factors which were also identified in this study.

On the disadvantages' side, the study found that differences in background, communication styles and cultural understanding generally result in the emergence of conflicting views. Based on these findings, it could be argued that as team members bring to the team some diverse perspectives, these could contribute to the polarisation of opinions. Related to this claim, a study by Smith and Wright (2023) revealed that diversity may perpetuate stereotypes that could lead to tensions based on factors like age, ethnicity, race and gender. The study also pointed out that diversity may also bring about cohesion challenges, which will require a strong leader to dispel. This point was also raised in the study by Damanik and Wening (2024), who emphasised that managing diverse teams require an effective leader who will discourage individual domination but promote active participation. The study further found that team diversity may derail decision-making. These findings align with findings from respective studies Díaz-Fernández et al. (2020), Miller et al. (2022) and Narayan et al. (2021), which state that TMT diversity can lead to conflicts, reduced cohesion, and slower decision-making, which in turn affects strategic agility.

### 7.6 Limitations of the study

This study followed a qualitative approach and was interpretive in nature. Hence, it used an interview guide to collect data from twelve research participants who were purposively sampled from the population of members of TMT who work for different companies in South Africa. These companies include state-owned companies, retail, automotive, manufacturing,

packaging, petroleum, banks and telecommunications. All the research participants, except for two, hold master's degrees and hold managerial positions.

The profile of the research participants indicates the advantages of the purposive sampling technique used in this study. It shows that the research participants' responses are likely to be informed by a rich history of exposure to diversity. However, the sample of twelve is not significant enough to enable generalisation of the findings. Additionally, since the sample was drawn from various sectors, it offers limited insight into sector-specific experience or situation. Likewise, since the data collection instrument was meant to collect qualitative data, it has limited questions and relied on the participants' articulation to gather as much information as possible. For this reason, some essential information was unwittingly left out, e.g. the type of diversity that each respondent is exposed to. Similarly, while all questions were asked of all respondents, the use of the interview schedule occasionally compromised the consistency of follow-up questions.

## 7.7 Recommendations

As this study discovered the benefits and challenges of TMT diversity, the researcher recommends actions that both business and academia should consider. The researcher argues that harnessing the benefits that were identified in this study is likely to contribute to organisations appropriately crafting a strategic response to the external environments (Andersen, Aagaard & Magnusson, 2022). Similarly, if organisations become aware of the challenges that this team diversity poses, they are likely to mitigate them appropriately so that its benefits may be optimised. Due to the role of academia in knowledge generation as well as training and development, the report also offers suggestions for similar future studies. Therefore, this section of the chapter proposes suggestions to businesses and future studies, respectively.

### 7.6.1 Recommendations to business

Given the importance of sensing and sensemaking to business, and the research findings, the report proposes three suggestions to businesses.

- a) It proposes that companies should consider enhancing TMT diversity to optimise its benefits. Depending on the nature, industry and size of the company, diversity in the areas of demographics, educational qualifications, and skill level may be beneficial in enhancing sensing and sensemaking.
- b) Companies should also consider training their employees on understanding and embracing team diversity to minimise its adverse effects. This could be done in partnership with academic institutions or private training providers who may offer on-site training in order for the training to be contextualised. This may also be conducted

in-house by the learning and development team members, in collaboration with labour movements and other stakeholders, for buy-in and inclusivity.

- c) Furthermore, companies should consider developing policies that would support team diversity. This would be essential as these would serve as precepts that employees and the organisation's stakeholders may use as references in order to understand the institution's commitment to diversity. They may also serve as instruments to be used in socialising and inducting employees on the need for and importance of team diversity.

#### 7.6.2 Recommendations for future studies

As academic institutions play a crucial role in knowledge generation, training and development, it is crucial that they embark on studies that would support team diversity. Consequently, this report makes the following suggestions:

- a) Scholars should consider conducting similar studies using quantitative methods to enable generalisation and reliability. This suggestion is based on the fact that this study was conducted using qualitative methods whose results may not be generalised due to sample size.
- b) To improve generalisation and reliability of the research findings, this report proposes that Industry-specific studies should be conducted with larger samples to develop diversity strategies that are suitable for their sectors. This will also enable training providers to develop reliable training and development materials and to offer training that is tailored to the needs of each sector.
- c) Due to their role in training and delivery of management development programmes, the report proposes that business schools should continue to develop and offer industry-specific executive development programmes to equip TMT members based on the latest findings. This will keep industries abreast of the latest trends in team diversity while business schools also remain relevant to the market.

#### 7.8 Conclusion

The chapter summarised the conclusions from each research question, which pointed out that all research questions were fully addressed. However, given its methodological choice, the researcher argues that the findings of this study may not be generalised to a larger population due to its sample size. Nevertheless, the researcher acknowledges that the findings offer some insight into the area of investigation, which may be used to conceptualise future studies. Therefore, the report recommends that future studies should consider using quantitative methods with a larger sample size to enhance their significance. It further recommends that businesses may use the insight gained from the findings to develop strategies to optimise the benefits of TMT diversity.

## References

- Abatecola, G., & Cristofaro, M. (2020). Hambrick and Mason's "Upper Echelons Theory": evolution and open avenues. *Journal of Management History*, 26(1), 116–136. <https://doi.org/10.1108/JMH-02-2018-0016>
- Andersen, T. C., Aagaard, A., & Magnusson, M. (2022). Exploring business model innovation in SMEs in a digital context: Organizing search behaviours, experimentation and decision-making. *Creativity and Innovation Management*, 31(1), 19-34. <https://doi.org/10.1111/caim.12474>
- Ann Glynn, M., & Watkiss, L. (2020). Of Organizing and Sensemaking: From Action to Meaning and Back Again in a Half-Century of Weick's Theorizing. *Journal of Management Studies*, 57(7), 1331–1354. <https://doi.org/10.1111/joms.12613>
- Aspers, P., & Corte, U. (2019). What is Qualitative in Qualitative Research. *Qualitative Sociology*, 42(2), 139–160. <https://doi.org/10.1007/s11133-019-9413-7>
- Basias, N., & Pollalis, Y. (2018). *Quantitative and Qualitative Research in Business & Technology: Justifying a Suitable Research Methodology*. <http://buscompress.com/journal-home.html>
- Bearman, M. (2019). Eliciting rich data: A practical approach to writing semi-structured interview schedules. *Focus on Health Professional Education: A Multi-Professional Journal*, 20(3), 1-11.
- Bengtsson, M., Raza-Ullah, T., & Srivastava, M. K. (2020). Looking different vs thinking differently: Impact of TMT diversity on coopetition capability. *Long Range Planning*, 53(1). <https://doi.org/10.1016/j.lrp.2018.11.001>
- Boone, C., Lokshin, B., Guenter, H., & Belderbos, R. (2019). Top management team nationality diversity, corporate entrepreneurship, and innovation in multinational firms. *Strategic Management Journal*, 40(2), 277–302. <https://doi.org/10.1002/smj.2976>
- Braun, V., & Clarke, V. (2006). Using thematic analysis in psychology. *Qualitative Research in Psychology*, 3(2), 77–101. <https://doi.org/10.1191/1478088706qp063oa>
- Brown, A. D., Colville, I., & Pye, A. (2015). Making Sense of Sensemaking in Organization Studies. *Organization Studies*, 36(2), 265–277. <https://doi.org/10.1177/0170840614559259>

- Bunderson, J. S., & Sutcliffe, K. M. (2002). Comparing Alternative Conceptualizations of Functional Diversity in Management Teams: Process and Performance Effects. In *Source: The Academy of Management Journal* 45(5), <https://about.jstor.org/terms>
- Byrne, D. (2021). A worked example of Braun and Clarke's approach to reflexive thematic analysis. *Quality & Quantity*, 56(3):1391-1412.
- Centre for Creative Leadership. (2023). The ABCs of Chief Diversity Officers. <https://www.ccl.org/>
- Creswell, J. W., & Creswell, J. D. (2023). Research design: qualitative, quantitative, and mixed methods approaches. In *Jurnal Ilmu Pendidikan* 7(2) SAGE Publications, Inc.,.
- Cristofaro, M. (2022). Organizational sensemaking: A systematic review and a co-evolutionary model. *European Management Journal*, 40(3), 393–405. <https://doi.org/10.1016/j.emj.2021.07.003>
- Damanik, F. A., & Wening, N. (2024). Groupthink, Leadership and Cohesiveness as Contexts for Quality of Decision Making: A Systematic Literature Review. *Asian Journal of Management, Entrepreneurship and Social Science*, 4(01), 1017-1029.
- Dervin, B. (1999). *Sensemaking Theory and Practice*.: An overview of user interests in knowledge seeking and use. *Journal of knowledge management*, 2(2), 36-46.
- Díaz-Fernández, M. C., González- Rodríguez, M. R., & Simonetti, B. (2020). Top management team diversity and high performance: An integrative approach based on upper echelons and complexity theory. *European Management Journal*, 38(1), 157–168. <https://doi.org/10.1016/j.emj.2019.06.006>
- Eisenhardt, K. M. (1989). Building Theories from Case Study Research. In *Source: The Academy of Management Review* 14(4). <https://www.jstor.org/stable/258557>
- Fahey, L., & Saint-Onge, H. (2024). A sensemaking approach to strategy making: The role of the leader in times of ambiguity. *Organizational Dynamics*, 53(3). <https://doi.org/10.1016/j.orgdyn.2023.101027>
- Farzaneh, M., Wilden, R., Afshari, L., & Mehralian, G. (2022). Dynamic capabilities and innovation ambidexterity: The roles of intellectual capital and innovation orientation. *Journal of Business Research*, 148, 47–59. <https://doi.org/10.1016/j.jbusres.2022.04.030>

- Fergnani, A. (2022). CORPORATE FORESIGHT: A NEW FRONTIER FOR STRATEGY AND MANAGEMENT. *Academy of Management Perspectives*, 36(2), 820–844. <https://doi.org/10.5465/amp.2018.0178>
- Fossey, E., Harvey, C., McDermott, F., & Davidson, L. (2002). Understanding and evaluating qualitative research. *Australian and New Zealand Journal of Psychiatry*, 36(6), 717–732. <https://doi.org/10.1046/j.1440-1614.2002.01100.x>
- García-Granero, A., Fernández-Mesa, A., Jansen, J. J. P., & Vega-Jurado, J. (2018). Top management team diversity and ambidexterity: The contingent role of shared responsibility and CEO cognitive trust. *Long Range Planning*, 51(6), 881–893. <https://doi.org/10.1016/j.lrp.2017.11.001>
- Green, C., & Dimino Luong, A. (2023). Bullied: exploring the concepts of territorialism and groupthink involvement in workplace bullying. *Nursing open*, 10(10), 6777-6781.
- Hair, J. F., Page, M., & Brunsveld, N. (2020). *Essentials of Business Research Methods; Fourth Edition.. Routledge.*
- Hambrick, D. C., & Mason, P. A. (1984). Upper Echelons: The Organization as a Reflection of Its Top Managers. In *Source: The Academy of Management Review* (Vol. 9, Issue 2). <https://www.jstor.org/stable/258434>
- Hammarberg, K., Kirkman, M., & De Lacey, S. (2016). Qualitative research methods: When to use them and how to judge them. In *Human Reproduction* (Vol. 31, Issue 3, pp. 498–501). Oxford University Press. <https://doi.org/10.1093/humrep/dev334>
- Helfat, C. E., & Peteraf, M. A. (2015). Managerial cognitive capabilities and the microfoundations of dynamic capabilities. *Strategic Management Journal*, 36(6), 831–850. <https://doi.org/10.1002/smj.2247>
- Hellerstedt, K., Uman, T., & Wennberg, K. (2024). *Fooled by Diversity? When Diversity Initiatives Exacerbate Rather Than Mitigate Bias and Inequality Forthcoming, Academy of Management Perspectives Pre-Print version of Paper forthcoming in the Academy of Management.* <https://ssrn.com/abstract=4308670>
- Homberg, F., & Bui, H. T. M. (2013). Top Management Team Diversity: A Systematic Review. *Group & Organization Management*, 38(4), 455–479. <https://doi.org/10.1177/1059601113493925>

- Johnson, J. L., Adkins, D. & Chauvin S. 2020. Qualitative Research in Pharmacy Education: A Review of the Quality Indicators of Rigor in Qualitative Research, *American Journal of Pharmaceutical Education*, 84(1).
- Kanchanabha, B., & Badir, Y. F. (2021). Top management Team's cognitive diversity and the Firm's ambidextrous innovation capability: The mediating role of ambivalent interpretation. *Technology in Society*, 64.  
<https://doi.org/10.1016/j.techsoc.2020.101499>
- Kapur, R. (2018). *Research Methodology: Methods and Strategies*.
- Keller, A., Konlechner, S., Güttel, W. H., & Reischauer, G. (2022). Overcoming path-dependent dynamic capabilities. *Strategic Organization*.  
<https://doi.org/10.1177/14761270221125807>
- Ketchen, D. J., Boyd, B. K., & Bergh, D. D. (2008). Research methodology in strategic management: Past accomplishments and future challenges. *Organizational Research Methods*, 11(4), 643–658. <https://doi.org/10.1177/1094428108319843>
- Kieran, S., MacMahon, J., & MacCurtain, S. (2022). Simple rules for sensemaking praxis: How HR can contribute to strategic change by developing sensemaking capability in organisations. *Human Resource Management Journal*, 32(2), 299–320. <https://doi.org/10.1111/1748-8583.12404>
- King IV. (2016). The King Report on Corporate Governance. *info@iodsa.co.za*
- Knight, E., Lok, J., Jarzabkowski, P., & Wenzel, M. (2024). Sensing the Room: The Role of Atmosphere in Collective Sensemaking. *Academy of Management Journal*.  
<https://doi.org/10.5465/amj.2021.1389>
- Kolev, K. D., & McNamara, G. (2022). The role of top management teams in firm responses to performance shortfalls. *Strategic Organization*, 20(3), 541–564.  
<https://doi.org/10.1177/1476127020962683>
- Köllen, T. (2021). Diversity Management: A Critical Review and Agenda for the Future. *Journal of Management Inquiry*, 30(3), 259–272.  
<https://doi.org/10.1177/1056492619868025>
- Krause, R., Roh, J., & Whitler, K. A. (2022). The Top Management Team: Conceptualization, Operationalization, and a Roadmap for Scholarship. *Journal of Management*, 48(6), 1548–1601. <https://doi.org/10.1177/01492063211072459>

- Kurtz, & Snowden. (2003). The new dynamics of strategy: Sense-making in a complex and complicated world. *IBM systems journal*, 42(3), 462-483.
- Laaksonen, O., & Peltoniemi, M. (2018). The essence of dynamic capabilities and their measurement. *International Journal of Management Reviews*, 20(2), 184-205.
- Li, Y., Gong, Y., Burmeister, A., Wang, M., & Alterman, V. (2021). Supplemental Material for Leveraging Age Diversity for Organizational Performance: An Intellectual Capital Perspective. *Journal of Applied Psychology*.  
<https://doi.org/10.1037/apl0000497.supp>
- Malik, M., Andargoli, A., Tallon, P., & Wickramasinghe, N. (2025). An organizational sensemaking theorizing of how firms construct digitally enabled strategic agility. *Information and Management*, 62(4). <https://doi.org/10.1016/j.im.2025.104130>
- McKinsey & Company. (2023). Diversity Matters Even More. <https://www.mckinsey.com>
- Means, A., & Mackenzie Davey, K. (2023). 'Maybe it's culture and maybe it isn't': An ethnographic study of sensemaking, culture and performance in a multicultural team. *Management Learning*, 54(2), 223–243.  
<https://doi.org/10.1177/13505076211070358>
- Miller, C. C., Chiu, S. S. C., Wesley, C. L., Vera, D., & Avery, D. R. (2022). Cognitive Diversity at the Strategic Apex: Assessing Evidence on the Value of Different Perspectives and Ideas among Senior Leaders. *Academy of Management Annals*, 16(2), 806–852. <https://doi.org/10.5465/annals.2020.0387>
- Muzari, T., Shava, G. N. & Shonhiwa S. (2022). Qualitative research paradigm, a key research design for educational researchers, processes and procedures: A theoretical overview. *Indiana Journal of Humanities and Social Sciences*, 3(1):14-20.
- Narayan, S., Sidhu, J. S., & Volberda, H. W. (2021). From Attention to Action: The Influence of Cognitive and Ideological Diversity in Top Management Teams on Business Model Innovation. *Journal of Management Studies*, 58(8), 2082–2110.  
<https://doi.org/10.1111/joms.12668>
- Neely, B. H., Lovelace, J. B., Cowen, A. P., & Hiller, N. J. (2020). Metacritiques of Upper Echelons Theory: Verdicts and Recommendations for Future Research. *Journal of Management*, 46(6), 1029–1062. <https://doi.org/10.1177/0149206320908640>

- Novacek, G., Yousif, N., Dartnell, A., Farsky, M., Bansal, S., May, G., & Zborowski, A. (2023). *Inclusion Isn't Just Nice. It's Necessary*.
- Olson, B. J., Parayitam, S., & Bao, Y. (2007). Strategic decision making: The effects of cognitive diversity, conflict, and trust on decision outcomes. *Journal of Management*, 33(2), 196–222. <https://doi.org/10.1177/0149206306298657>
- Pham, T. D. T., & Lo, F. Y. (2023). How does top management team diversity influence firm performance? A causal complexity analysis. *Technological Forecasting and Social Change*, 186. <https://doi.org/10.1016/j.techfore.2022.122162>
- Pitelis, C. N. (2022). Dynamic capabilities, the new multinational enterprise and business model innovation: A de/re-constructive commentary. *Journal of International Business Studies*, 53(4), 741–753. <https://doi.org/10.1057/s41267-022-00518-6>
- Pitelis, C. N., Teece, D. J., & Yang, H. (2023). Dynamic Capabilities and MNE Global Strategy: A Systematic Literature Review-Based Novel Conceptual Framework. In *Journal of Management Studies*. John Wiley and Sons Inc. <https://doi.org/10.1111/joms.13021>
- Ponomareva, Y., Uman, T., Bodolica, V., & Wennberg, K. (2022). Cultural diversity in top management teams: Review and agenda for future research. In *Journal of World Business* (Vol. 57, Issue 4). Elsevier Inc. <https://doi.org/10.1016/j.jwb.2022.101328>
- Post, C., Muzio, D., Sarala, R., Wei, L., & Faems, D. (2021). Theorizing Diversity in Management Studies: New Perspectives and Future Directions. *Journal of Management Studies*, 58(8), 2003–2023. <https://doi.org/10.1111/joms.12779>
- Protolabs Manufacturing Accelerated. (2024). *Innovation challenges of today and the future*.
- PWC. (2024). South-Africa-Manufacturing-Analysis-2024 PWC. Future Managerial Competencies Required for the Manufacturing Sector in South Africa. *African Journal of Employee Relations*, 48, 25-pages
- Radu, C., & Smaili, N. (2022). Board Gender Diversity and Corporate Response to Cyber Risk: Evidence from Cybersecurity Related Disclosure. *Journal of Business Ethics*, 177(2), 351–374. <https://doi.org/10.1007/s10551-020-04717-9>

- Ran, B., & Golden, T. J. (2011). Who are we? The social construction of organizational identity through sense-exchanging. *Administration and Society*, 43(4), 417–445. <https://doi.org/10.1177/0095399711412727>
- Roberson, Q., Gerkin, E., & Hill, A. (2024). Diversity in top management teams and upper echelons of firms. In *Current Opinion in Psychology* (Vol. 60). Elsevier B.V. <https://doi.org/10.1016/j.copsyc.2024.101901>
- Roberson, Q., Holmes, O., & Perry, J. L. (2017). Transforming research on diversity and firm performance: A dynamic capabilities perspective. In *Academy of Management Annals* (Vol. 11, Issue 1, pp. 189–216). Routledge. <https://doi.org/10.5465/annals.2014.0019>
- Saeed, A., Riaz, H., Liedong, T. A., & Rajwani, T. (2022). The impact of TMT gender diversity on corporate environmental strategy in emerging economies. *Journal of Business Research*, 141, 536–551. <https://doi.org/10.1016/j.jbusres.2021.11.057>
- Samimi, M., Cortes, A. F., Anderson, M. H., & Herrmann, P. (2022). What is strategic leadership? Developing a framework for future research. *The Leadership Quarterly*, 33(3), 101353. <https://doi.org/10.1016/J.LEAQUA.2019.101353>
- Sandberg, J., & Tsoukas, H. (2015). Making sense of the sensemaking perspective: Its constituents, limitations, and opportunities for further development. *Journal of Organizational Behavior*, 36(S1), S6–S32. <https://doi.org/10.1002/job.1937>
- Schildt, H., Mantere, S., & Cornelissen, J. (2020). Power in Sensemaking Processes. *Organization Studies*, 41(2), 241–265. <https://doi.org/10.1177/0170840619847718>
- Sieweke, J., Hentschel, T., Gazdag, B. A., & Henningsen, L. (2024). The business case for demographic diversity in strategic leadership teams: A systematic and critical review of the causal evidence. *Leadership Quarterly*. <https://doi.org/10.1016/j.leaqua.2024.101843>
- Snowden, D. (2011). 4 Naturalizing Sensemaking. *Informed by, pp 237-248 Psychology Press 2011*
- Snowden, D. J., & Boone, M. E. (2007). A Leader's Framework for Decision Making. [www.hbrreprints.org](http://www.hbrreprints.org)
- Soh, F., & Grover, V. (2022). Leveraging Platform Boundary Resources: The Role of Distributed Sensemaking. *Journal of Management Information Systems*, 39(2), 366–394. <https://doi.org/10.1080/07421222.2022.2063554>

- Subedi, K. R. (2021). Determining the Sample in Qualitative Research. *Online Submission*, 4, 1-13.
- Teece, D. J. (2018). Business models and dynamic capabilities. *Long Range Planning*, 51(1), 40–49. <https://doi.org/10.1016/j.lrp.2017.06.007>
- Teece, D. J. (2020). Hand in Glove: Open Innovation and the Dynamic Capabilities Framework. Available at SSRN 5399445
- Teece, D. J., Pisano, G., & Shuen, A. (1997). Dynamic capabilities and strategic management. *Strategic Management Journal*, 18(7), 509–533. [https://doi.org/10.1002/\(SICI\)1097-0266\(199708\)18:7<509::AID-SMJ882>3.0.CO;2-Z](https://doi.org/10.1002/(SICI)1097-0266(199708)18:7<509::AID-SMJ882>3.0.CO;2-Z)
- Turhan, N. S. (2019). Qualitative Research Designs: Which one is the best for your research?. *European Journal of Special Education Research*.
- Urquhart, C., Cheuk, B., Lam, L., & Snowden, D. (2024). Sense-making, sensemaking and sense making—A systematic review and meta-synthesis of literature in information science and education: An Annual Review of Information Science and Technology (ARIST) paper. In *Journal of the Association for Information Science and Technology*. John Wiley and Sons Inc. <https://doi.org/10.1002/asi.24866>
- Vaara, E., & Whittle, A. (2022). Common Sense, New Sense or Non-Sense? A Critical Discursive Perspective on Power in Collective Sensemaking. *Journal of Management Studies*, 59(3), 755–781. <https://doi.org/10.1111/joms.12783>
- Wang, S. (2023). Top Management Team Functional Diversity and Management Forecast Accuracy. *Accounting Horizons*, 37(3), 243–278. <https://doi.org/10.2308/HORIZONS-19-108>
- Weick, K. E. (2012). Organized sensemaking: A commentary on processes of interpretive work. *Human Relations*, 65(1), 141–153. <https://doi.org/10.1177/0018726711424235>,
- Weick, K. E. (2020). Sensemaking, Organizing, and Surpassing: A Handoff\*. *Journal of Management Studies*, 57(7), 1420–1431. <https://doi.org/10.1111/joms.12617>
- Weiser, A. K. (2021). The Role of Substantive Actions in Sensemaking During Strategic Change. *Journal of Management Studies*, 58(3), 815–848. <https://doi.org/10.1111/joms.12621>

- Whittle, A., Vaara, E., & Maitlis, S. (2023). The Role of Language in Organizational Sensemaking: An Integrative Theoretical Framework and an Agenda for Future Research. In *Journal of Management* 49 (6), 1807–1840  
<https://doi.org/10.1177/01492063221147295>
- Yuan, Z., Wang, X., Li, J., & Xu, J. (2025). Exploring contextual influences in collaboration: A sensemaking perspective. *Policy Studies Journal*.  
<https://doi.org/10.1111/psj.12586>
- Zahra, S. A., Petricevic, O., & Luo, Y. (2022). Toward an action-based view of dynamic capabilities for international business. In *Journal of International Business Studies* 53 (4), 583–600. <https://doi.org/10.1057/s41267-021-00487-2>
- Zhang, P., & Soergel, D. (2020). Cognitive mechanisms in sensemaking: A qualitative user study. *Journal of the Association for Information Science and Technology*, 71(2), 158–171. <https://doi.org/10.1002/asi.24221>

## Appendices

### Appendix 1 Interview Questions Schedule

The interview questions below, drafted in line with the research aims and qualitative research approach. The questions allow for:

- Storytelling to ensure it extracts the participant perspectives needed to build insights.
- Probes organisational processes and handling of diversity and inclusive practices in responding to market shifts.

The following interview questions, for more clarity, include the follow-up probing questions such as: Can you explain further? Can you give examples of what you mean? This allowed for open-ended inquiry to allow for an unbiased view.

The influence of TMT diversity on sensing and sensemaking in a dynamic market.		
Interview Question Schedule		
Main research question	Interview question	Interview question
How does diversity within TMT contribute to sensing the external market?	1	In what ways do the diverse backgrounds, experiences, and perspectives of your TMT team influence the way you collectively assess, identify, and interpret emerging market trends?
	2	Could you give an example of a situation in which diversity significantly impacted your team's identification and assessment of a market threat or opportunity within the broader business environment?
	3	What is your perspective on the significance of diversity within a team for the collection and analysis of information from customers and the wider industry?
	4	Could you explain a scenario in which a prevailing perspective among your TMT shaped the interpretation of market information by others, and how this impacted the team's collective comprehension and decision-making process?
	5	Could you provide an example of how the diversity within your team influenced the collective comprehension of a
In what ways does the diversity of TMTs influence the interpretation of perceived information to		

The influence of TMT diversity on sensing and sensemaking in a dynamic market.		
Interview Question Schedule		
Main research question	Interview question	Interview question
facilitate collective sensemaking?	6	<p>complex situation or market development, resulting in a shared decision or course of action?</p> <p>What processes or practices within your team facilitate the reconciliation of differing perspectives to establish a collective understanding when analysing fresh information or market signals?</p>
What are the benefits and challenges of TMT diversity in enabling effective sensing and sensemaking?	7	<p>What are the advantages and disadvantages of working in a diverse team when making quick but important decisions?</p>

## Appendix 2 Themes and Codes

(Adapted from Braun & Clarke, 2006)

Themes	Code(s)	Example Quote (s)
Enhancement of Complimentary Viewpoints	Different thinking Different lenses Varied backgrounds Nuanced sense making Age diversity	<p><i>“Well, I think more than anything, what diversity does is it helps with different thinking and differences in the way people look at things. So, in that sense than any trends that are coming through, we’ll look at it from different lenses depending on your exposure background.”</i></p> <p><i>“If you use your own perspective, you could be seeing only one issue, but if somebody else from the team, coming from a different background, looks at it might see something completely different.”</i></p>
Preventing Groupthink	Same background Unconscious bias	<p>‘Then, in terms of that team, you may have all cultures represented, but also what is key to have people of different experiences? Because I think that plays a huge role. And somehow prevent some group thinking. For instance, if you have someone with an HR background, someone with an engineering background science background finance background. Maybe even someone knowing the regulatory environment, those are really key in terms of driving your business, then culture in terms of cultural backgrounds, I think what could be more?’</p>

Themes	Code(s)	Example Quote (s)
Bringing Market Insight	Industry experience Cultural knowledge Customer understanding Politics	<i>“You need a good balance, especially of the soft skills, because people relate with people, they relate with how technical they get. How much product knowledge or expertise you have at the end of the day, you must be able to clearly articulate a very technical idea to your everyday person. And so that's the importance of having the right balance in the team. To be able to respond to industry trends, to be able to respond to competitors, what they are up to, and to be able to be accountable to your customers and consumers.”</i>
Connection with the Market	Cultural sensitivity Cross-cultural business etiquette	<i>“So, we had a sales Rep who was Black, who came into the organisation, and he oversaw that account. Then we just slowly saw sales dropping on that account, and we eventually lost that account. And then we have another sales Rep in Durban who's Indian, and everybody at customer X is Indian. And so, we sent him to at least knock on the door, try to get the business back and surprisingly, two months of knocking and talking...we got the business back, and so they've been booming more than they were previously, you know? So, I guess his being Indian and the customers and the customer and owners being Indian, I guess it worked to his advantage because it's the same ethnic group.”</i>
Improving Risk Management	Multiple perspectives Interdisciplinary diversity	<i>“When we're dealing with specific communities in certain areas, right, I think if we did not have a diverse team, I think we</i>

Themes	Code(s)	Example Quote (s)
	International market knowledge	<i>would have found ourselves in some serious controversy. Like I said, because maybe the area is highly politicised or maybe the person is highly political, whatever the person. But because we have a diverse team that that helps to bring out or to highlight some of the nuances involved in. So, what I'm saying, sometimes the decision is not so straightforward, if you do not have that background, you might think that the decision is like is like straightforward."</i>
Identifying new opportunities	Detecting unmet customer needs Academic diversity Multidisciplinary market awareness	<i>"So, I think absolutely it [diversity] is critical. I think somebody who's centred around, you know, a financial background, for instance versus somebody who has a strategic background might look at the collection and of information from a customer and wider industry very differently. What I find is that potentially somebody in finance would look at it in a very binary financial metric where you're looking at trends from a finance perspective list with a customer lens. So, more outcome based".</i>
Enhancement of project success	Reaching target markets International connections Knowledge of different markets	<i>"And if I make an example with my current organisation, now we are a telecommunications company, a mobile virtual network operator. So, what we call an MVNO and the team is very relatively, very small and the company is relatively new.  And what I've identified is that the majority</i>

Themes	Code(s)	Example Quote (s)
		<i>of the team is comprised of White people of the White race, right? And what that does is that it limits. We rolled out a massive marketing campaign. It was cheeky, it was funny. But what I did notice is that it didn't resonate with the black audience."</i>
Identifying new opportunities	Different viewpoints Different problem-solving approaches Revelation of hidden opportunities	<i>"So, I think absolutely it [diversity] is critical. I think somebody who's centred around, you know, a financial background, for instance versus somebody who has a strategic background might look at the collection and of information from a customer and wider industry very differently. What I find is that potentially somebody in finance would look at it in a very binary financial metric where you're looking at trends from a finance perspective list with a customer lens. So, more outcome based".</i>
Intersectional Diversity	Functional diversity Knowledge-based diversity Technical diversity Class background	<i>"But the backgrounds are not just diverse in terms of skin colour or culturally, but they're diverse in terms of educational background and training as well, so that is very critical for a top management team. So, you can't just have engineers, right? You need to have or just have a company run by accountants only. You need other people who are trained in other disciplines so that they can bring different nuances into the experience."</i>
Interpretation of market nuances	Different consumer behaviour	<i>"As a South African working with a Ghanaian team, it was important before any</i>

Themes	Code(s)	Example Quote (s)
	Cultural diversity Cultural knowledge	<i>innovation. Understand the culture. Understand the heritage behind the brand. Understand the team's reluctance to a certain innovation. Understand all the pricing strategies."</i>
Holistic market picture	Interdisciplinary knowledge Cross-functional collaboration	<i>"You will have your typically have your marketing team, who are project leaders on innovation, because marketing is deemed as the driver of innovators supported by R&amp;D who are involved in the early stage of. Product development. Then you've got your finance team who are responsible for business case development, and it's important when developing a business case to bring in that diversity, right, because. The numbers are not just numbers. The numbers are actually people. You are targeting people with a product or with a service, right? So important to always have that diversity mindset when we're doing."</i>
Balanced Perspective	Perspectives from different roles Different information	<i>"So, diversity ensures that you have richer and more balanced information gathering. For instance, someone in sales may rely on customer feedback while someone in R&amp;D may consider emerging technologies. So that type of information. It's important not to just look at it from one perspective, but from different people, different roles, yes."</i>
Customer segmentation	Management assumptions Flawed segmentation	<i>"I felt this was because of a lack of understanding of the foreign national relationships in other countries, and that</i>

Themes	Code(s)	Example Quote (s)
	Bias in analysis Contextual ignorance	<i>could very well also speak to European countries, but in this case, it was specifically looking at foreign nationals within African contexts, and I had to. Yes, I had to jump in there to say just because people send little money home doesn't necessarily mean they also spend less when they are in the country, because those are two different things, right? And I think for me that was influenced by my background."</i>
Social class perspectives	Lived experience insight Socioeconomic diversity Limitations of homogeneity	<i>"As someone who's come from a low-income-based community and is now in the middle to high-income-based community, I understand the relationship between those two segments."</i>
Functional and cultural diversity	Lack of local context Prevention of costly errors	<i>"So that for me, I believe it's an important scenario in terms of having diversity in interpreting the market information because if you are looking at it. From a one person's perspective, is oh, I've seen this work somewhere else. Definitely it will work. Yeah, but you're forgetting the type of people that you are servicing and stuff. So that for me is important. I think it's both [cultural and functional diversity] because if you check the cultural perspective, it plays a role in terms of someone who is of a different and what's the word ethnicity. They might look at some as Oh, this is great."</i>
Forum for contribution	Collective comprehension One-on-one meetings	<i>"Diverse or having diversity in the top management team is that you get different perspectives and different experiences,</i>

Themes	Code(s)	Example Quote (s)
		<i>and that can enhance how an organisation navigates a complex operating environment."</i>
Mature leadership	Facilitating problem-solving Leaders with awareness of diversity Promoting healthy discussion Conflict resolution	"So, you need to have a mature leader to make sure that diverse teams drive or are effective [in effective collective decision-making]"  "In my teams I always make sure I had diversity."
Need for collaboration	Collaborative atmosphere Valuing different perspectives Open-minded approach	<i>"[A collaborative leader] then goes in to say I don't know what the answer is, but I want to hear all of your opinions. Obviously, the leader always makes the final decision, but they actually take a collaborative leader will actually take [consider] the opinions of others."</i>
Team contribution	Creating inclusivity Contribution meeting Facilitated discussions Processing ideas	<i>"The first point is obviously giving everybody an opportunity to voice their opinions. So, you're creating some level of inclusivity, are being able to voice comments, right? So, so whether it's a forum, whether it's a chairman, whether it's executive head that actually owns the space and facilitates the discussion. I think that's important. Then through that facilitation, you need to obviously vet and think about..."</i>
Organisation Policies	Formal Diversity Policies Voting Equity sessions	"Well, we've got a cultural policy. Well, diversity, cultural diversity policy, which is central to everyone within the group. So, bit with paper plus group. We have employment equity sessions and

Themes	Code(s)	Example Quote (s)
		<p>meetings where we are continuously and having discussions around the importance, excuse me, the importance of.”</p> <p><i>“...That minority and majority approach that's the approach we take and then we make sure that we communicate that, you know, further up and then as a team we support that idea or support those, you know, what is submitted upwards.’</i></p>
Organisation culture	Continuous learning Leadership training	<i>“You know, give their perspective to ensure that we're constantly checking ourselves to ensure that we're constantly learning new methods and techniques and everything, coupled with our experience, it's a formidable team...”</i>
Communication	Stakeholder engagement Importance of communication Informal feedback channels	<i>“For me, I think the biggest one is communication. Communication in the sense that whatever we're trying to implement, we should always have stakeholder engagement because sometimes, you know, in the boardroom, we come up with great ideas. But when you take them outside, the people you are trying to say this to, they're not responding well. So, one of the key processes would be to have a stakeholder engagement in whatever it is that you're trying to implement, and also continuous improvement tools and collaborative workshops where you continuously discuss to say Guys, is this working and all of those things.”</i>

Themes	Code(s)	Example Quote (s)
Varying settings	Psychological safety Informal and formal communication Influence of setting on behaviour	<i>"For me, I'll say it [a setting] is very influential because the moment you tell someone that formally we're going to do 12345, they like put on a suit of how they're supposed to behave or react in that situation. But sometimes, if you just chit-chat, not necessarily. The informal way will give you more insight than what you were actually bargaining for, but if it's in a formal setting, everyone wants to be in the correct standing or say what everyone else is saying."</i>
Deeper problem-solving	Different perspectives on problems Using specialist knowledge	<i>"In terms of advantages, those different points of view provide new insights [be]cause they don't just see data coming in, but they can link it to even past events. And maybe see some trends, or for instance, let's say now with the chemical prices we are used to leveraging from the experts, that there's a cycle. We know that the chemical prices will be suppressed, let's say for now. As an example, for three years, then you get that upward trend for certain years, then it goes down again. So, it also helps with your pain."</i>
Enhanced innovation	Different technical skills Age diversity for new perspectives Technology	<i>'You're now seeing young, younger individuals and even individuals who come from an engineering or industrial engineering and other skills background or a mechanical engineering background who are African or coloured or Indian, so age diversity in the workplace is vital, especially the young generation bring new</i>

Themes	Code(s)	Example Quote (s)
		<i>perspectives around technology and new thinking.”</i>
Customer bases alignment	Stronger market sensing capability Various expertise for customers Prevention of cultural missteps	<i>“The advantage is like, like I said, it's the fact that you'll be checked out. In most cases that somebody would actually correct you if you do. If you're doing something wrong, it becomes easy because you're surrounded by a team that is surrounded by people who specialise in different things. They know different things. They can pick up wrong things easily.”</i>
Broader perspective augmentation	Reduction of blind spots Various interpretation of events Multidimensional threat/opportunity assessments	<i>It reduces the blind spots and enables a more balanced response to external pressures. So, for example, when a strategic threat or opportunity arises, a diverse team is able to consider multiple dimensions; financial, operational, and others...This not only leads to stronger decisions being made...</i>
Conflicting views	Mismatch of personalities Miscommunication	<i>“And the certain personalities that don't work with each other well, right. Well, listen, I mean, sometimes I think the language, because someone who speaks English every day or comes from an English background and someone like me who doesn't. Maybe the tone or the style of my communication could be different. But also, maybe my understanding of certain words that I use could delay decision-making and slow things down. I think certain things, but also you must know that I mean so, leading a diverse team.”</i>

Themes	Code(s)	Example Quote (s)
Leadership challenges	Constant conflict-resolution Managing various personalities	<i>"I think what also could potentially be a disadvantage is managing the various personalities in a diverse team. People who are introvert maybe not speak up quite quickly. People that are extroverts speak up quite quickly, and you need to be able to merge the two to see whether you're going to get a good enough outcome. So that could be some time. You could get people who are too set in their ways."</i>
Decision-Making retardation	Slower decision-making Interdisciplinary consultations Lengthy discussions	<i>"I think the biggest challenges that... in terms of decision making, it's very slow and that is because people come with their, you know, different ideas, different opinions, different perspectives and that delays decision making on how we're going to go and move forward, because now we have to collaborate and rediscuss and consider every single possible option."</i>

## Appendix 3 Participant Profiles

Participant	Position	Industry	Highest Educational	Years of experience
1	CFO	Banking	Master's degree	15-20
2	Head of Strategy	Telecommunication	Master's degree	5-10
3	General Manager: Strategy	Petrochemical	Master's degree	15-20
4	Executive: Strategy	State Enterprise	Master's degree	15-20
5	Operations Manager	Logistics Group	Master's degree	10-15
6	Plant Manager	Power Generation	Master's degree	15-20
7	Group Marketing Manager	Retail	Master's degree	5-10
8	Country Manager	Automotive	Master's Degree	5-10
9	Group HR Manager	Packaging	Master's degree	15-20
10	Quality Manager	Packaging	Master's degree	0-5
11	HR Manager	Manufacturing	Diploma	10-15
12	Sales & Marketing Manager	Manufacturing	Bachelor's degree	5 - 10

## Appendix 4 Comparison of Sensemaking Theories

Theory	Weick (2012)	Dervin (1999)	Snowden and Boone (2007)
Focus: Sensemaking Process	Acknowledges sensemaking as a dynamic process, not static, i.e., a process of organising and interpreting stimuli to create order from disorder.	Acknowledges sensemaking as a dynamic process, coining a metaphor of referring to it as a verb, i.e. a process of making sense in response to gaps in understanding situations.	Decision-making, organising and navigating complexity using the Cynefin Framework as a decision-making tool.
Human Agency	Highlights the role of individuals in the construction of their realities, emphasising how individuals shape their environment.	Complementing Weick's work, highlights the role of individuals in constructing their realities, where individuals' ability to bridge gaps in understanding is done through sensemaking.	Acknowledges the role of situation categorisation in a domain that will inform how the individual responds. The Cynefin framework is used as a decision-making tool.
Contextual nature	Recognise the value of time and context in sensemaking, emphasising the retrospective approach to sensemaking, i.e. use of past actions to make sense of the present.	Recognise the value of time and context in sensemaking with emphasis on the time-space continuum in sensemaking embedded in specific context and moments.	Context is vital in determining the domain in which the situation is, and determining a tailor-made response using the Cynefin framework
Conceptual Framework	The theory is rooted in organisational studies, focusing on how organising is achieved. View sensemaking as	Individual-centred, focusing on how individuals navigate gaps in understanding the situations,	Snowden's Cynefin framework aligns with Weick's concept of sensemaking, as

Theory	Weick (2012)	Dervin (1999)	Snowden and Boone (2007)
	residing in organising, highlighting the role of language, discourse and shared meaning in creating meaning.	conceptualise knowledge as a verb, highlighting the evolving nature of sensemaking using bridging gaps and building bridges to explain sensemaking.	organising, for example, the disorder domain in the Cynefin framework aligns with Weick's notion of flux and need for ongoing sensemaking.
Focus (Action vs Meaning)	Evolved from emphasising action to meaning (sensemaking in organising), highlighting treating sensemaking as organising, where meaning and action are intertwined.	Places great emphasis on sensemaking as a personal subjective activity, more focused on individual experiences and their interaction with systems.	Underscores the interplay between action and meaning, especially in complex and chaotic domains where action precedes understanding.
Application	Theory is widely used/ applied in understanding how organisations navigate uncertainty and ambiguity.	Used widely in knowledge management and design systems to understand user needs through understanding their sensemaking process.	A decision-making tool in an organisation helps make sense of situations. Complementing both Weick and Dervin's user-centred systems and managing crises

(Source: Author's own)

## Appendix 5 Ethical Clearance Approval Letter

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

**Ethical Clearance  
Approved**

Dear [REDACTED]

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 6 Informed Consent Letter

### Informed consent 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*

I am conducting research on “The influence of Top Management Team diversity on Sensing and Sensemaking of External Environment.”. Our interview is expected to last forty-five minutes and will help us understand how the Top Management Team diversity influences the sensing and sensemaking of the external environment. **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.