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**Conflicts in Top Management Teams: transitions,
triggers and actions**

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Lay Summary

The motivation of this study is to test Top Management Teams' (TMTs) behaviour in the conflict management process. It has deeply mined out how conflicts are initiated, especially faultline conflicts; how senior managers resolve such conflicts corporately; and how CEOs respond to these conflicts applying leadership approaches. By creating a typology of triggers that activate faultlines and lead team members to polarise in TMTs, this study has identified what the specific situations are in which faultlines are involved and how senior managers polarise based on their different interests and purposes. Regarding conflict management as a dynamic process, this research has explored pre-emptive procedures that prevent faultlines from emerging and reactive approaches by which to deal with faultlines within TMTs. The findings have provided empirical support for the triggers that can either strengthen or weaken intraorganisational subgroup faultlines in the conflict management process.

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Abstract

Conflicts are inevitable in work teams. In diversity research, early studies have analysed the distribution of personal attributes among interdependent members of a working unit and investigated the different types of conflicts that are triggered by individual differences within the organisation. This body of research investigates the impact of the different dimensions of personal attributes on team behaviour (i.e., conflicts and cooperation) and explores how conflicts may have an impact on the group's performance. Since the impact of such conflicts on team performance has not yet been proven, some studies have tried to figure out the conflict-performance relationship by analysing the mediator impacts; for example, group cohesion and group behavioural integration. Thus, the research focus has changed from analysing individual dynamics (i.e., personal characteristics) to analysing group dynamics (i.e., the relationships and interactions among the diversified members). The analysis of different levels, including the individual, group, organisation, industry and environment dimensions, makes conflict management research more integrated and dynamic in comparison with studies that examine the impacts of the behaviour of isolated individuals within a working team.

The recent focus on group behaviour and the composition of group members has led to the concepts of subgroups and faultlines in conflict management research. Subgroups or faultlines are regarded as a central component of work teams; however, subgroups or faultline issues have remained largely unexamined by scholars. Previous studies have presented a typology of subgroups and examined the antecedents and consequences of subgroups. Faultlines are regarded as the antecedents of subgroups in the literature. They are hypothetical dividing lines that split a group into two or more subgroups based on the alignment of one or more individual's attributes and they have been found to affect teams' processes, teams' performance and teams' affective outcomes. Most faultline studies are interested in understanding the composition of faultlines and they focus on the demographic attributes of team members. Recent studies have shown an increasing interest in analysing the complex mix of attributes that generate faultlines. Other studies have tried to analyse the context of teams and organisations by exploring the group's characteristics (i.e., group size and the number

of subgroups), group-level moderators (i.e., openness to experience and the salience of subgroup differences) and organisational and national culture in order to examine the faultline-performance relationship.

As is the case in many new research areas, the findings of faultlines studies are not consistent, and many empirical studies have neglected several aspects of faultlines that are critical to understanding the link between faultlines and group performance; for example, faultline activation and evolution. There is an insufficient understanding of the micro aspects of subgroup formation by which to explain ‘how’ individuals align themselves to form rivals in a team, and the reason ‘why’ individuals try to formulate faultlines is still underdeveloped. This area of interest is called faultline triggers. Only a few studies have provided limited categories of triggers and more research is needed.

The majority of the work on faultlines has investigated how demographic faultlines affect group processes and outcomes. However, little research has investigated the faultlines’ interactions via a process perspective. In other words, the question about ‘how’ teams interact regarding these differences within the team when faultlines emerge or are present also requires further study.

This study, therefore, draws on diversity research and conflict management studies, which have introduced a theoretical framework that integrates teams’ early and late conflict states, faultline activation, the conflict transition process and the conflict management process. By targeting the behaviours and interactions of Top Management Teams (TMT), this study employs both upper echelon theory and faultline theory to understand the faultline transition process. Firstly, this study reviews the recent research that investigates the interplay of team conflict types. This study advances the Team Conflict Dynamics Model to examine conflict types within a dynamic and changing viewpoint. This model considers dynamics by examining conflict transformations in Top Management Teams, the reciprocal effects of conflict management processes and the negative impacts on the emerging faultlines. Using current studies in the conflict management field, this study explores whether the two

types of conflict states (i.e., task conflicts and relationship conflicts) can be transformed to faultlines.

This study then explores TMT/organisational characteristics and events that will activate faultlines. Previous research incorporates contextual features involving team design and contextual factors. Together with transformed task conflicts and relationship conflicts in the transition process, the dimensions motivating the emergence of faultlines form a typology of faultline triggers.

Using a process-state perspective, this study then proposes the conflict management procedure as a dynamic transition and action process. The measures dealing with task conflicts and relationship conflicts within Top Management Teams are examined as the pre-emptive procedures that prevent faultlines from emerging. This study explores how senior managers deal with subgroups' conflicts, which are referred to as reactive procedures, after faultlines are activated within TMTs. CEOs' leadership, in terms of pre-emptive procedures and reactive procedures, will be explored separately. Thus, this process-based study explores the interaction between team members in order to prevent and react to faultlines.

The findings categorise three different types of faultlines based on interests, relationships and seniority. They confirm that task conflicts and relationship conflicts can be transformed into faultlines in a specific context. In addition, these two conflicts will result in different types of faultlines, as explored in this study. Other triggers besides existing conflicts may also activate faultlines in Top Management Teams. The results suggest that faultline triggers, including specific legitimising events (i.e., newcomers and successive CEOs), have a significant impact on TMTs' team morale and cohesion. The emerging findings emphasise the issue of nepotism; namely, when ties to relatives and friends are present in TMTs. By dividing nepotism into successor nepotism, which is related to new CEOs; schism nepotism, which is related to member exit; and proximity nepotism, which is related to relationship distance, the findings argue that tensions between subgroups significantly affect team cohesion and activate faultlines.

This study also provides evidence that conflict management approaches are affected by the type of conflicts that existed in the early and late life cycle stages. Thus, this study provides an overview of how top management teams manage early levels of conflict types and how these approaches affect the later levels of conflict type, which are referred to as faultline conflicts. After examining the CEO-TMT interface, it is found that TMT members are mainly engaged in pre-emptive procedures that use cooperative conflict management approaches, whereas in reactive procedures, CEOs' leadership approaches are critical in determining whether activated faultlines are exacerbated or lessened. The findings highlight the importance of early intervention and acknowledging the different effects of CEOs' personal leadership approaches and TMT approaches in pre-emptive procedures and reactive procedures. The findings suggest that conflict types and conflict management approaches should be modelled together in order to understand team conflicts better.

This study advances the Team Conflict Dynamics Model. It does this by examining conflict transformations in TMTs, the reciprocal effects of conflict management processes and the negative impact of events on emerging faultlines. This study's new typology of faultline triggers helps scholars to understand whether there are differences among teams with faultlines that are dormant, faultlines that are active or dormant faultlines that have been triggered to become active. This study recognises and pinpoints the detrimental effects of the involvement of relatives and friends in TMTs and introduces the idea that nepotism can apply in non-family owned organisations. This process-based study acknowledges the different impacts of TMTs' managerial practices and CEOs' leadership practices, according to the pre-emptive and reactive stages of conflict management that are distinguished throughout the study.

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Chapter 1. Introduction

This chapter presents the overall background to the subject of this study and discusses why team diversity and conflict management processes are essential in management team interactions. This study will focus on examining the existing conflicts and dormant faultlines in Top Management Teams and how senior management team members make an effort to prevent conflicts between individuals from transforming into more severe faultline conflicts. This chapter will present the significant gaps in the current literature, explain the research questions and conclude with an outline of the structure of this thesis.

1.1 Background to the Subject of Study

Joint decision-making is a challenge for top management teams. Different purposes and conflicting actions may be involved in a diversified top management team as it is hard to reach a consensus in the decision-making process.

Team diversity has caught researchers' attention when it comes to analysing organisational work. As organisational work is increasingly organised in a team-based structure, many scholars have tried to understand how diversified individuals can contribute to a team and make a difference to team performance. The demographic attributes of team members; for example, their cognition, age, gender, past working experience, educational background and functional background, have been taken as mediators by which to analyse the relationship between team diversity and team outcomes (Jackson, May and Whitney, 1995; Pelled, 1996; Knight et al., 1999; Harrison et al., 2002; Jackson, Joshi and Erhardt, 2003; Horwitz and Horwitz, 2007; Harrison and Klein, 2007; Bell et al., 2011). The multilevel perspective of analysis also includes contextual and environmental considerations (Cooper, Patel and Thatcher, 2014). Contextual factors, such as team context, organisational context and cultural context, also play a moderating role in team performance (Jehn and Bezrukova, 2004; Joshi and Roh, 2009; Schippers, West and Dawson, 2015).

In diversity studies, conflict within diversified teams has received much research attention (Jehn, 1995; De Dreu and Weingart, 2003; Jehn, Rispens and Thatcher, 2010; De Wit, Greer and Jehn, 2012; Nifadkar and Bauer, 2016; Van Bunderen, Greer and Van Knippenberg, 2018). This existing research has proposed that different types of conflicts (i.e., task conflicts, relationship conflicts and process conflicts) have different impacts on team performance. Many studies argue that task conflict, which focuses on the content of tasks, may improve team effectiveness and decision quality, whereas relationship conflict, which focuses on personal interactions, may inhibit team effectiveness (Van de Vliert and De Dreu, 1994; Amason and Schweiger, 1997; Jehn, 1995; Simons and Peterson, 2000; Jehn and Mannix, 2001; De Dreu and Weingart, 2003; Jehn and Bezrukova, 2010; Tsai and Bendersky, 2015). Researchers do not only examine team performance: researchers are also exploring the effects of conflicts on organisational ambidexterity (Mihalache et al., 2014).

In contrast, several studies (Jehn, Northcraft and Neale, 1999; Pelled, Eisenhardt and Xin, 1999; Lovelace, Shapiro and Weingart, 2001) and a meta-analysis (De Dreu and Weingart, 2003) have found that task conflict may also negatively affect performance. However, De Wit, Greer and Jehn (2012) failed to replicate these findings, by providing evidence that the direct effect of task conflict is highly variable—sometimes negative and sometimes positive.

Process conflict is a “conflict about dividing and delegating responsibility and deciding how to get work done” (Jehn, 1997, p.540). For example, process conflicts may involve disagreements about the scheduling of meetings and assignment of work in terms of logistical issues (Greer, Jehn and Mannix, 2008). Compared with task conflicts and relationship conflicts, process conflict is less discussed and has been found to have a consistently negative effect on team performance (Jehn and Mannix, 2001).

The conflicting empirical evidence makes it difficult for scholars to provide clear managerial suggestions and has led them to suggest that further investigation is warranted (Greer, Caruso and Jehn, 2011; De Wit, Greer and Jehn, 2012). Researchers

have noted that the lack of mediating variables in team conflict research represents a considerable gap in the literature (Jehn and Bendersky, 2003; Jehn et al., 2008). The benefits of task conflict are still in question, given the limited research analysing the conditions that promote or degrade task conflict's positive effects on team performance (Rispen, Greer and Jehn, 2007).

Compared with the conflicting findings regarding the impact of task conflicts, most researchers have found that relationship conflicts, also known as emotional conflicts, are negatively connected to team performance and effectiveness (Jehn, 1995; Simons and Peterson, 2000; De Dreu and Weingart, 2003). It is important to mention that task conflict situations tend to create relationship conflict situations, since the parties can interpret divergent opinions about the task as being a personal attack (Simons and Peterson, 2000), which may reduce the positive impact of task conflicts. De Dreu and Weingart (2003) reveal that the lower the correlation between task conflict and relationship conflict in a team is, the lower the negative impact of task conflict on group performance will be.

DeChurch, Mesmer-Magnus and Doty (2013)'s study explores the most neglected area in team conflict literature: the team conflict management process. Their study distinguishes between *conflict states* (including relationship and task conflict), which are the shared perceptions among members about a disagreement over task and relationship conflicts, and *conflict processes* (including conflict management approaches), which are members' interactions that are aimed at working through tasks and interpersonal disagreements. Their study provides evidence of the fact that conflict states and conflict processes are empirically distinct and act as essential predictors of team performance. While their study presents evidence of the direct effect of conflict processes, they do not look at the potential moderating impact of conflict processes on conflict states, suggesting that "a key opportunity for future investigations of team conflict is to examine the interactive effects of conflict states and conflict processes" (p. 566).

Maltarich et al. (2018) introduced an empirical model of the interactive effects of

conflict states and conflict processes within teams. They examined how early levels of conflict states (specifically task and relationship conflict types) affect the way teams approach conflict processes (especially cooperative and competitive management approaches). In addition, they extend DeChurch, Mesmer-Magnus and Doty (2013)'s study by examining the impact of conflict states on performance, as moderated by specific conflict processes. The findings indicate that cooperative conflict management approaches mitigate the negative impact of team relationship conflict on performance. In contrast, relationship conflict negatively affects team performance to the extent that teams adopt more cooperative conflict management approaches.

Until now, limited studies have examined the causal interactive effects between conflict states and processes (DeChurch and Marks, 2001; Greer, Jehn and Mannix, 2008, DeChurch, Mesmer-Magnus and Doty, 2013; Maltarich et al., 2018). Maltarich et al. (2018)'s recent findings speculate that teams with cooperative conflict management approaches can develop shared values/norms for effective cooperation. In the meantime, relationship conflict may impede the impacts of these shared values/norms. When relationship conflicts happen in teams with accentuated cooperative approaches to conflict, an incongruity may exist between shared values (i.e., collectivism, cooperation and goals) and conflict type (i.e., relationship-based conflicts). In other words, if a team emphasises cooperative conflict management approaches rather than competitive approaches, the violable effect of relationship conflict will be more significant, thereby further hindering team functioning and outcomes. Correspondingly, if a team prefers to use fewer cooperative management approaches, the negative impact of relationship conflict is non-distinctive. Members of this kind of team view their goals as "less complimentary, so relationship conflict is more consistent with the team's approach and expectations, and therefore may be less disruptive" (p.25).

In previous Top Management Team (TMT) research, conflicts are often examined together with the senior managers' composition (Amason and Sapienza, 1997; Amason and Mooney, 1999; Simons and Peterson, 2000; Ensley and Pearson, 2005). The findings of Amason and Schweiger (1994 and 1997)'s studies indicate that TMT

team size and the openness of member interactions are positively related to cognitive conflict (i.e., task conflict), which has been shown to improve decision quality. A larger size of TMT will also result in affective conflict (i.e., relationship conflict or emotional conflict), which undermines team harmony and performance. In order to utilise the existing conflicts within TMTs, Simons and Peterson (2000) argue that trust is key to managing task conflicts and that is beneficial to the TMTs' decision quality, while minimising the negative effects of relationship conflict.

In recent research, studies of conflicts within Top Management Teams have changed from analysing the diversity attributes of individual senior managers to examining the diversity at intra-group and inter-group level. Recent research has integrated the effects of different attributes and explored the subgroup conflicts that involve several senior managers (Minichilli, Corbetta and MacMillan, 2010; Van Knippenberg et al., 2010; Hutzschenreuter and Horstkotte, 2013; Kisfalvi, Sergi and Langley, 2016; Georgakakis, Greve and Ruigrok, 2017; Ma and Seidl, 2018). The focus on group composition and the alignment of individual attributes has led to an emerging research area; namely, "faultlines". First introduced by Lau and Murnighan in 1998, these hypothetical dividing lines in a team have been shown to affect group processes and performance (Thatcher, Jehn and Zanutto, 2003; Rico et al., 2007; Homan et al., 2007; Flache and Mäs, 2008; Meyer, Schermuly and Kauffeld, 2016; Schölmerich, Schermuly and Deller, 2016). The findings have also investigated different attributes of faultline composition (Thatcher, Jehn and Zanutto, 2003; Molleman, 2005; Bezrukova et al., 2009; Bezrukova et al., 2012), faultline types (Carton, 2001; Carton and Cummings, 2012, 2013) and different scales of faultline measurements (Meyer and Glenz, 2013).

Current studies are confined to team diversity research. The correlations with power, member alliances, social networks, intragroup and intergroup behaviour and team conflicts are still underdeveloped (Thatcher and Patel, 2012). Faultline researchers have now started to study the impacts of faultlines on other group-level processes (Ou et al., 2017), as well as individual performance (Meyer et al., 2015) and group outcomes (Bezrukova et al., 2009; Van Knippenberg et al., 2010). Limited moderators

of the faultline-performance relationship, such as superordinate identity, have been identified (Bezrukova et al., 2009; Homan et al., 2008; Jehn and Bezrukova, 2010). This suggests that a greater understanding of group dynamics and group faultlines is required.

1.2 Theoretical Frameworks

The purpose of this thesis is to investigate how conflicts in Top Management Teams can predict group behaviour and to explore the approaches by which to deal with unavoidable conflicts in TMTs. When task conflicts and relationship conflicts exist in a Top Management Team, conflict management approaches (i.e., cooperative approaches and competitive approaches) and CEOs' leadership can prohibit or promote the emergence of subgroups and faultline conflicts.

When an event or specific contextual factors activate faultlines, the anxiety, tension or intergroup conflict originating within the TMT has the potential to 'erupt' and negatively impact interactions among senior managers. Triggers act as a signal that the emergent states may be threatening to specific social identity groups within the TMTs. For example, an issue around gender equity may initiate disagreements among senior female executives. In teams with strong dormant faultlines, the possibility of a small event being perceived as threatening may be strong because the salience of group membership is high (Chrobot-Mason et al., 2009). To date, there has been very limited research which examines what types of events, personal or group behaviour or contextual factors in the workplace will activate faultlines within a group. Therefore, this study addresses a significant gap in the current literature by developing a typology of faultline triggers that cause senior managers who share similar characteristics to polarise.

Building on DeChurch, Mesmer-Magnus and Doty (2013) and Maltarich et al. (2018)'s studies, this thesis will also examine the interactive effects of conflict states and conflict processes. This study divides conflict management into two phases: pre-emptive conflict management approaches and reactive conflict management

approaches. The first phase focuses on the approaches taken by a CEO individually and Top Management Teams cooperatively to manage existing task conflicts and relationship conflicts. Study of the pre-emptive management process will examine the impact of these approaches and how CEOs and TMTs prevent the occurrence of subgroups and faultline conflicts within corporations.

The second phase discusses the remedial procedures that can be implemented when faultlines are activated by two conflict states or other emergent events. In this situation, the conflicts have escalated and pose a greater challenge for Top Management Teams. Accordingly, the CEOs and TMTs are supposed to expend more effort to mitigate tensions between different subgroups rather than between individuals. It is certain that the reactive conflict management approaches implemented personally by a CEO and TMTs will affect group cohesion. Therefore, this study is guided by the three research questions stated below:

RQ1: How do existing conflict states transform into faultlines in Top Management Teams?

RQ2: What organisational characteristics and events will activate faultlines that cause senior managers to polarise in Top Management Teams?

RQ3: What are the interactive effects of pre-emptive (early stage) and reactive (late stage) approaches taken by Top Management Teams and CEOs in the conflict management process?

To address the first research question, this study examines the interplay between existing conflicts (i.e., task conflicts and relationship conflicts) and faultlines. It answers the question regarding under which conditions task conflicts and relationship conflicts may result in faultlines in TMTs. The phenomenon of conflict escalation and conflict transition processes are the focus here.

To address the second research question, which aims at forming a typology of faultline activations, this study explores the other causes within TMTs, apart from active emergent states (i.e., task conflicts and relationship conflicts), that can result in faultlines. It discusses the specific changes or situations within the organisation or TMTs that can cause senior managers to polarise and form subgroups.

To address the third research question, this study separates the conflict management process into two phases and explores CEOs' personal behaviour and Top Management Teams' group behaviour in managing conflicts. It examines the pre-emptive approaches implemented in response to the occurrence of faultlines and the reactive approaches towards faultlines that have significant impacts on TMT effectiveness and team cohesion.

This study applies upper echelon theory, diversity theory and faultline research in emerging markets. It argues that an organisation is managed by a group of individuals whose collective dynamic has a direct impact on the direction and performance of the organisation. The findings will provide a comprehensive understanding of the dynamics of TMTs and identify specific behavioural constructs relevant to TMT group behaviour and CEOs' leadership in the conflict management process.

1.3 Overview of the Research Method

Given the research questions, this study examines the conflict management process in Chinese companies. Top management teams in China may have different approaches by which to deal with conflicts and subgroups that are subject to considerable cultural differences and disharmony. These cases present a rich context in which to examine how Chinese CEOs and senior managers deal with conflicts within teams and how their collaborative behaviour can prevent or deal with faultlines. Instead of exploring the impact of national cultural on TMTs' group conflicts and conflict management approaches, the analysis focuses on the individual and team dimensions as a result of this study's focus on a single country as its research setting.

Considering the research questions and the research background, qualitative research with multiple case studies is conducted. Data from semi-structured interviews with CEOs or other senior managers, combined with participation observation approaches, provide a comprehensive understanding of how Top Management Teams react to conflicts and how they take action to manage those conflicts.

1.4 Structure of the Study

This thesis contains ten chapters that discuss the escalation of existing conflicts and the emergence of faultlines from the process-state perspective within Top Management Teams.

Chapter One introduces the overall background of the conflict management process. The research gaps and three research questions are presented, along with a summary of the specific research context. The chapter ends with an outline of the thesis structure.

Chapter Two presents the theories underpinning the effects of team diversity. It reviews the previous findings regarding the complex relationship between team diversity and team outcomes and different diversity attributes are categorised. Given this study's focus on the Top Management Team setting, the chapter then reviews recent studies of senior executive composition and discusses how diversified TMT members can make contributions to both the group and the organisation.

Chapter Three provides some studies of intragroup conflicts (i.e., task conflicts and relationship conflicts). It critically evaluates the conflict management process and different types of conflicts explored in previous studies. By employing upper echelon theory, this chapter then respectively presents the recent studies of Top Management Teams in conflict management research by reviewing the conflicts that arise in TMTs and how senior managers deal with those conflicts.

Chapter Four draws on the theoretical perspective on faultlines, which is firstly introduced with reference to Lau and Murnighan (1998). The chapter provides an

overview of current research on faultline triggers and activation, as well as the impacts of faultlines on team performance. Recent faultline studies into Top Management Teams are evaluated by employing upper echelon theory. In addition, the linkage between group conflicts and faultlines are discussed. The chapter discusses the challenges that teams face when group conflicts that are triggered by diversified individual attributes become more complex and subgroups emerge based on the different dimensions of particular attributes. By integrating the conflicts and faultlines via a process perspective, this chapter develops an exploratory research framework at the Top Management Team level by incorporating theories of conflict states, faultlines and management approaches within the conflict management process.

Chapter Five provides a justification of the methodological choices made in this thesis and then describes the research setting of the study. The first part explains the foundation concepts of research methodology, research strategy and two research methods. Based on the research questions posed by this research, the chapter then discusses the qualitative research method in detail and rationalises why the qualitative method is appropriate. The chapter also discusses the research design and the selection of the case study, as well as the analysis phases. The limitations of using the qualitative method are also presented.

Chapter Six presents the findings from the first research question with regard to the faultline escalation and transition procedure. The findings begin by discussing the existing task conflicts and relationship conflicts that have occurred in TMTs and then discovers different types of faultlines as revealed in the interviews and via participant observation. After clarifying the different types of task conflicts, relationship conflicts and faultline conflicts, the chapter then explores how task and relationship conflicts transform into faultline conflicts. Specific task conflicts and relationship conflicts within TMTs are supposed to cause disagreements and dissatisfaction among senior managers. As a result, after they consider personal/departments' interests or other concerns, some senior managers may form subgroups. The chapter further presents which types of faultlines will be activated under specific circumstances.

Chapter Seven presents the findings from the second research question with regard to faultline triggers. It provides a typology of faultline triggers that may activate dormant faultlines. Some events act as a catalyst that makes underlining conflicts break out. Those events also accelerate the occurrence of predictable faultline conflicts in the future. In the meantime, the roles and leadership styles of CEOs are supposed to be essential in the faultline activation procedure. Thus, the chapter presents the different contextual constructs that may threaten team effectiveness and cohesion.

Chapter Eight analyses conflict management approaches in accordance with the research framework from a process-state perspective. It answers the third research question by suggesting that conflict management approaches should be modelled together in order to gain a better understanding of team conflicts in TMTs. The chapter presents the preventive effects of TMTs' group behaviour during pre-emptive procedures. The chapter examines the CEO-TMT interface to explore how CEOs' leadership and TMTs' group behaviour can remedy the cracks and alleviate the harmful effects of subgroups when faultlines are activated.

Chapter Nine discusses the three findings from four dimensions; namely, faultline transitions, faultline triggers, a typology of faultlines and approaches in the conflict management process. This chapter develops the theoretical framework based on the three research questions and findings. Almost all of the companies involved in this study have suffered from different types of task conflicts and relationship conflicts. The approaches they took are varied and they have different impacts on their teams' effectiveness. This study provides a better understanding of whether there are differences between CEOs' leadership and Top Management Teams' group behaviour according to intentions, objectives and managerial approaches. It also examines whether these differences have different impacts on the management of conflicts.

Chapter Ten draws conclusions based on the findings of this study. It highlights the implications for theory and research in relation to conflict management and faultlines and states the managerial implications. This chapter also discusses the limitations and potential for future research.

Chapter 2. Literature Review—Team Diversity Research

This chapter presents a review of the current key research in the field of diversity research. The first section presents the development of team diversity studies. This chapter then critically evaluates the current stream of diversity research, with a particular focus on diversity attributes. Since the conflicts examined in this study are focused on Top Management Teams from a process perspective, the impacts of team members' diversity on the team interaction process will then be presented. The literature review of TMT team diversity research will be further discussed at the end.

2.1 Development of Team Diversity Studies

Teamwork is key to success when working in organisations. The diversity of team members makes the work more complex (Van Knippenberg and Mell, 2016). Many researchers have presented their understanding of team diversity, with a particular focus on diversity-performance effects and the mediation effects of different variables (Jehn and Bezrukova, 2004; Horwitz and Horwitz, 2007; Homan et al., 2007; Homan et al., 2008; Joshi and Roh, 2009; Bell et al., 2011; Tröster and Van Knippenberg, 2012; Van Dijk, Van Engen and Van Knippenberg, 2012; Nielsen and Nielsen, 2013; Pieterse, Van Knippenberg and Van Dierendonck, 2013; Mitchell et al., 2015). The following section will present the history of diversity research and the variables that have been used to examine the effects of diversity on team performance. Table 2.1 shows the development of the history of diversity literature.

The diversity-performance relationship has been the object of primary attention in previous literature. Some studies have examined team diversity, which refers to the differences between team members, and they have shown that it can lead to members' perceptions of being different. Finally, these studies further discuss whether such perceptions may have an influence on team processes and outcomes (Van Knippenberg, De Dreu and Homan, 2004). Previous research has investigated whether team diversity brings about positive or negative effects, mainly with regard to group performance outcomes, and how the diversity-performance relationship can be influenced.

Table 2.1 Diversity Research Themes

Examples	Focus
Williams and O'Reilly (1998)	Findings: The effects of team diversity on group performance and outcomes. Conflicting findings have been presented (i.e., positive and negative effects). Drawback: Little attention paid to the mediating process.
Van Knippenberg and Schippers (2007)	Findings: All dimensions of diversity attributes have positive or negative effects on the moderating process. Traits: Focus shifts from diversity-performance to the moderation/mediation process.
Guillaume et al. (2015)	Findings: Proliferation of moderation studies. Traits: Stronger confirmation of the contingency perspective on diversity effects.

Source: Van Knippenberg and Mell, 2016, p. 137.

A substantial body of literature shows that diversity among group members is a central factor affecting group performance (Horwitz and Horwitz, 2007; Shin and Zhou, 2007; Wegge et al., 2008; Chen, Liu and Portnoy, 2012; Roberson, Ryan and Ragins, 2017; Tasheva and Hillman, 2018). Findings in this area are conflicting regarding the effects of team diversity on performance (Bowers, Pharmer and Salas, 2000; Webber and Donahue, 2001; Bell et al., 2011; Guillaume, Brodbeck and Riketta, 2012; Van Dijk, Van Engen and Van Knippenberg, 2012). In some studies, diversity is found to have a positive relationship with team performance. Some other studies have found that diversity has a negative effect on team performance. Many of the existing studies have not found any significant, direct relationship between team diversity and team performance.

The effects of diversity on team processes seems to be highly contextual (Joshi and Roh, 2009) and dependent on several mediating and moderating processes. Team diversity effects interact with time (Harrison, Price and Bell, 1998), task type (Joshi and Jackson, 2003; Pelled, Eisenhardt and Xin, 1999), time information processing (Dahlin, Weingart and Hinds, 2005; Kearney, Gebert and Voelpel, 2009) and organisational culture (Brickson, 2000; Ely and Thomas, 2001). In other words, it seems that no main effect of team diversity exists with regard to the impact of a specific type of diversity on team outcomes (Van Knippenberg and Mell, 2016).

2.2 Diversity Attributes

Diversity factors consider the influence of the heterogeneity of team members' characteristics on team mediators and performance. Previous scholars have intensively studied this area and categorised the diversity dimensions based on the perceived differences between team members. For example, Harrison et al. (2002) categorise two levels of diversity: surface level (demographic diversity), including race/ethnicity, sex, age and marital status; and deep-level (psychological diversity), including personality, values, attitudes and beliefs. Joshi and Roh (2009) distinguish between task-oriented and relations-oriented aspects of diversity. Task-oriented diversity, such as education, function and tenure, is associated with skill-based and informational differences among work group members. In contrast, relations-oriented diversity, such as gender, age, and race/ethnicity, is cognitively stable and associated with the social categorisation process. In a comprehensive study, Horwitz and Horwitz (2007) categorise the diversity among team members based on demographics, functional background, personality, attitudes/values and complex combinations.

Later, Ren, Gray and Harrison (2015) propose three types of diversity: (1) attitude separation, which refers to team members with different ideas or positions along a psychological or evaluative dimension (i.e., attitudes, values and beliefs); (2) status disparity, which refers to team members' distribution based on a hierarchy of power or position; (3) information variety, which refers to team members holding different, nominal categories of information, knowledge and experience (i.e., functional background, training and perspectives on problem solving). This review will be based on the framework of Horwitz and Horwitz (2007)'s study and will present recent studies that have analysed team diversity from four dimensions. Table 2.2 summarises the recent studies that have used different diversity attributes.

Table 2.2. Examples of Team Diversity Research Studies Examining Diversity Attributes

Studies	Diversity Attributes	Findings
Kilduff, Angelmar and Mehra (2000)	Cognition	Cognitive diversity affects and is affected by team performance
Harrison et al. (2002)	Surface-level diversity: race/ethnicity, sex, age and marital status Deep-level diversity: personality, values, attitudes and beliefs Team reward contingency (outcome interdependence)	Stronger team reward contingencies promote team collaboration. In addition, perceived diversity transmits the impact of actual diversity on team social integration, which in turn affects task performance.
Jehn and Bezrukova (2004)	Gender, race, age, team tenure, function and education level	Partial support for main and moderating effects.
Van der Vegt, Van der Vliert, and Huang (2005)	Age, gender, tenure and functional background	Tenure and functional background differences negatively affect innovation in high-power distance countries.
Balkundi et al. (2007)	Ethnicity, gender and age	No direct relationships.
Bell (2007)	Personality, values and abilities	The abilities of team members affect group outcomes; however, the personalities and values of team members do not affect group outcomes.
Bell et al. (2011)	Functional background, educational background and organisational tenure	Functional background has a small positive impact on group performance, while educational background is related and organisational tenure is unrelated to group performance.
Nielsen and Nielson (2013)	Nationality	Nationality diversity is positively related to group performance, and the impact is more significant if teams are composed of longer-tenured managers in highly internationalised firms in munificent environments.
Pieterse, Van Knippenberg and Van Dierendonck (2013)	Culture	Cultural diversity positively affects team performance when team members' learning approach orientation (i.e., developing level of knowledge, the expertise of skills) is high and performance avoidance orientation (i.e., avoiding others' perceptions of their incompetency) is low.

Source: Author.

2.2.1 Demographic Characteristics

Diversity attributes studies start by exploring the dimensions of demographic differences within team members. Many studies have found that the demographic characteristics of team members have a significant impact on team performance. For

example, the differences between age and tenure (Jehn and Bezrukova, 2004) are regarded as beneficial to group performance. In contrast, race, ethnicity, gender, age, tenure and education (Jackson, Joshi and Erhardt, 2003; Kirkman, Tesluk and Rosen, 2004; Li and Hambrick, 2005; Balkundi et al., 2007) have all been shown to be detrimental to team processes (i.e., relationship conflict), emergent states (i.e., empowerment and organisational commitment) and group performance. Van Knippenberg, De Dreu and Homan (2004) argue that demographic diversity is negatively related to team performance only when social categorisation results in intergroup bias in the presence of team demographic diversity.

The various actions that occur inside the so-called 'black box' of organisational demography are still unknown (Lawrence, 1997). Other studies have uncovered the complex interactions among these diversity demographic attributes. Jackson and Joshi (2004) take the social context into account and find evidence of a three-way diversity interaction with its associated moderation effects; namely, multidimensional diversity, manager characteristics and district diversity. In terms of the demographic differences within the multidimensional diversity dimension, they find that team performance may be poor when teams are combined with relatively high tenure, gender and ethnic diversities.

2.2.2 Functional Background

Functional background diversity refers to the distribution of work history across the different functional and specialised departments within an organisation; for example, finance, marketing, research and development and strategy (Bell et al., 2011). Functional diversity has been examined primarily within the context of management teams in organisations, and it is thought to provide them with a breadth of perspectives, skills and expertise. However, functional diversity has not always been associated with higher performance (Pitcher and Smith, 2001; Jehn and Bezrukova, 2004), although it always negatively affects team decision-making processes and team effectiveness through increased team conflicts (Knight et al., 1999; Pelled et al., 1999), reduced information sharing (Bunderson and Sutcliffe, 2002) and slower competitive responses

(Hambrick, Cho and Chen, 1996).

The various conceptualisations of functional diversity may have a different impact on team processes and performance (Bunderson and Sutcliffe, 2002). Their study categorises functional diversity into two types: dominant function diversity (team members' diversified functional background) and intrapersonal functional diversity (team members' aggregate functional breadth). Their findings indicate that interpersonal functional diversity has a negative effect, whereas intrapersonal functional diversity has a positive effect, on team information sharing and thereby team performance.

Extending previous research, a study by Tekleab et al. (2016) finds moderating effects of team behavioural integration in the relationship between functional diversity and team cohesion. If a team shares a higher level of behavioural integration, team members with a more diversified functional background will enhance team cohesion, which in return facilitates team learning and, finally, team performance. However, if team behavioural integration is low, functional diversity will harm team performance. Aside from examining the mediating effect of team behavioural integration, other studies have explored other mediators that also act in a moderating role; for example, adaptation, trust, commitment and communication (Mohr and Puck, 2005). Since functional diversity is primarily explored in management teams, this study will further discuss this in the TMT diversity section.

2.2.3 Personality

Barrick and Mount (1991) propose a Big Five personality model that affects job performance. The five dimensions include extraversion, emotional stability/neuroticism, agreeableness, conscientiousness and openness to experience. The results illustrate that conscientiousness is most consistently and most strongly related to all areas of job performance, while the remaining four dimensions may affect group performance differently depending on various occupational groups. Much like the findings associated with the diversity of other attributes, Horwitz and Horwitz

(2007) argue that heterogeneity in personality traits has conflicting results.

Scholars have found that diversity in team members' extraversion and emotional stability (Neuman, Wagner and Christiansen, 1999) is positively related to team performance. Diversity in extraversion, however, is detrimental to team processes (Mohammad and Angell, 2003), whereas members' diversity in terms of agreeableness and neuroticism will harm team performance (Mohammad and Angell, 2003; Halfhill et al., 2005). In terms of openness to experience, team members with an open mind are able to see perceive individual differences between themselves and other teammates (Homan et al., 2010). Schilpzand, Herold and Shalley (2011) have also explored the positive relationship between team members' openness to experience and team creativity. Agreeableness reflects the tendency to be trustworthy and to avoid conflicts (Deinert et al., 2015). People with higher levels of agreeableness can have an inspirational and motivating impact within the team when they express positive views towards others due through their kindness (Bono and Judge, 2004).

O'Neill and Allen (2011) consider the effects of team-level personality on team performance. They find that the level of conscientiousness is the most important predictor of team performance. Agreeableness, extraversion and neuroticism cannot predict team performance, whereas openness to experience has a modest negative impact on team performance.

Instead of examining the impact of personality on group performance, a recent study by Deinert et al. (2015) introduced a model of the Big Five personalities' effects on leaders' performance when mediated by transformational leadership. Their findings indicate that the Big Five personality traits are indirectly linked to leader performance. In addition, different combinations of personality traits are related to leadership behaviour in various ways. Overall, neuroticism, extraversion, openness to experience, agreeableness and conscientiousness are all positively associated with overall leader performance.

2.2.4 Attitudes/values

Identical to personality, diversity in relation to attitudes or values is a deep-level diversity attribute. Until now, few studies have investigated attitudes/values diversity in teams. Harrison et al. (2002) examine the diversity of members' attitudes using the variable of terminal values. Their study also examines two dimensions of attitude differences within working teams: task meaningfulness, which refers to personal salience and a project's importance, and outcome importance, which refers to the value of team members when it comes to achieving good performance. They find that with the mediating effects of team social integration, diversity in personal values can hardly affect team task performance, whereas diversity in values (task meaningfulness and outcome importance) intimately affects team development.

2.2.5 Culture

In a meta-analysis of the role of context in work team diversity (Joshi and Roh, 2009), previous studies are categorised based on four levels of context: team, organisation, industry and other. Much research has studied cultural diversity within organisations, which is referred to as organisational or group cultures (Reichers and Schneider, 1990; Chatman et al., 1998; Jehn and Bezrukova, 2004; Pieterse, Van Knippenberg and Van Dierendonck, 2013). For example, Ely and Thomas (2001) explore the impact of cultural diversity on team processes and performance. They identify three perspectives on cultural diversity in teams: the integration and learning perspective, the access and legitimacy perspective and the discrimination and fairness perspective. All three perspectives are proven to encourage diversity and to be beneficial to team outcomes.

In 2004, Jackson and Joshi empirically argued that organisational culture is positive and supportive of diversity in teams. Based on the study by Chatman et al. (1998), who categorise organisational cultural diversity into two orientations; namely, collectivism and individualism, Jehn and Bezrukova (2004) examine the moderating effect of people-oriented cultures and competition-oriented cultures in the relationship between group diversity and performance. Their results suggest that a people-oriented working

environment promotes collaboration and positively affects team performance; however, no direct effect of competition-oriented culture is explored.

Despite analysing cultural diversity within team members, and their relationships with team outcomes, some scholars propose that the impact of cultural diversity is contextual and can be examined in a broader view outside teams. Some studies explore national cultural differences in relation to multinational teams' effectiveness, innovation and outcomes. For example, Nielsen and Nielsen (2013) find that national diversity in Top Management Teams has a positive effect on team performance and that the effects will be more significant if team members have a longer tenure or firms are highly internationalised in a munificent environment. Stahl et al. (2010) find that the two levels (surface and deep level) and two types (cross-national and intra-national) of cultural diversity can affect team processes. In addition, if task conflict happens and social integration is decreased within teams, cultural diversity will result in team process losses. In contrast, if team creativity is increased and team members are satisfied, cultural diversity will lead to process gains.

2.3 Diversity in the Team Interaction Process

Recent studies have shown a growing interest in configuring the constructs of composition diversity by exploring the heterogeneity within teams from a team process perspective (Van Knippenberg and Mell, 2016). By examining the interaction patterns between team members, such research conceptualises teams as social networks of relationships that are related to communication, interpersonal relationships, collaboration and behavioural integration. One of the main research areas connecting diversity studies to the team process is homophily, which refers to the 'selection of other team members on the basis of similar ascriptive characteristics, such as gender, ethnicity, nationality and appearance' (Ruef, Adlrich and Carter, 2003, p.217).

The homophily phenomenon in a diversified team may change the interaction patterns between team members. For example, the perceived diversity in demographic attributes within team members may result in identity-based, resource-based or

knowledge-based subgroups (Carton and Cummings, 2012, 2013). The perceived differences may invite different treatment and behaviour when members interact in intra-groups and inter-groups. The different behavioural patterns raise concerns about whether members are treated rationally and fairly in the team process.

These concerns have prompted the study of information elaboration and exchange (Homan et al., 2007, Van Knippenberg et al., 2010; Meyer, Shemla and Schermuly, 2011), behavioural integration (Shaw and Barrett-Power, 1998; Mooney and Sonnenfeld, 2001; Tekleab et al., 2016), team cohesion (Liang, Shih and Chiang, 2015; Mello and Delise, 2015; Tekleab et al., 2016), team learning (Gibson and Vermeulen, 2003; Ely, Padavic and Thomas, 2012) and team conflicts (Pelled, 1996; Jehn, Northcraft and Neale, 1999; Thatcher, Jehn and Zanutoo, 2003; Olson, Parayitam and Bao, 2007) in diversity research. For example, drawing on the conceptual framework proposed by Marks, Mathieu and Zaccaro (2001), Lepine et al. (2008) find that different types and different levels of team processes are positively related to team performance and team member satisfaction. In addition, their findings also indicate that teamwork processes promote team cohesion and potency. The team interaction process will be further discussed in the following section. By integrating previous ideas into different levels and processes, this thesis presents an integrative model of diversity research in organisations, which is shown in Figure 2.1.

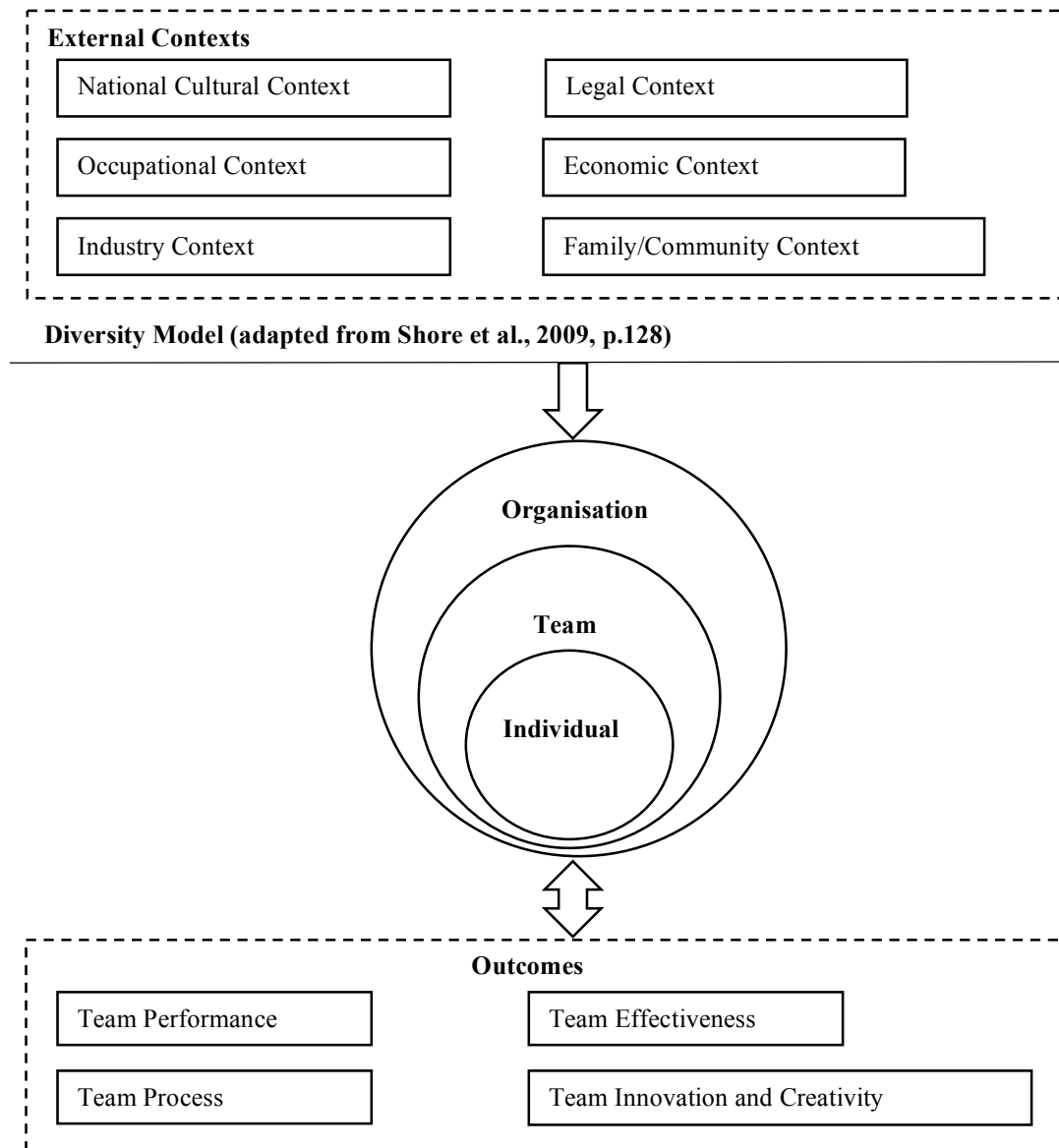


Figure 2.1 An Integrative Model of Diversity Research in Organisations

Source: Author.

2.4 Top Management Team Diversity Studies

This section discusses current studies of diversity in Top Management Teams. Most studies share similarities with general diversity research. However, TMT diversity has the distinction of having a more important and deeper impact on organisations. In the following section, upper echelons theory is discussed first, and this is followed by discussions of diversity composition in TMTs and the contextual factors that affect

TMT efficiency. This section then identifies a current emerging field that requires further study.

2.4.1 Upper Echelons Theory

The roots of upper echelons theory lie in behavioural decision theory. Cyert and March (1963) suggest that managerial decisions are not always rational and are influenced by the natural limitations of decision-makers. Tversky and Kahneman (1986) integrate behavioural decision theory into strategic decision-making literature. Most recent research has explored the fact that human cognition, emotions and social behaviour may create systematic biases when individuals make judgments in complex environments (Samuelson and Zeckhauser, 1988). It seems that current studies only focus on one paradigm and operate in relative independence. Some studies concentrate only on the topic of individual decision-making and rule out the effect of group behaviour. Joint decision-making is a key factor that cannot be overlooked. Many researchers using upper echelons theory have focused on the demography of the TMT as a whole, without distinguishing between the CEO and the other TMT members (Peterson et al., 2003). The simple assumption that the strategic decisions all reflect the personal choices of a CEO and senior managers may lead to a limited and narrow perspective. The analysis of the dominant coalition of TMT members is needed.

The upper echelons perspective supposes that firm performance is a reflection of the characteristics and actions of top management teams (Hambrick and Mason, 1984). Several studies have examined the characteristics and behaviour of TMTs, such as functional diversity (Harrison and Klein, 2007; Cannella, Park and Lee, 2008; Nielsen, 2010; Buyl et al., 2011), team heterogeneity (Wiersema and Bantel, 1992; Knight et al., 1999; Pitcher and Smith, 2001), team processes and demography (Lawrence, 1997; Knight et al., 1999) and the impact on firm performance (Amason and Sapienza, 1997; Carpenter, 2002; Boone and Hendriks, 2009; Buyl et al., 2011; Nielsen and Nielsen, 2013). These studies have examined the relationship between one or several dimensions of team characteristics and organisational outcomes. Figure 2.2 presents

an integrated model of upper echelons perspectives based on the founding model by Hambrick and Mason (1984).

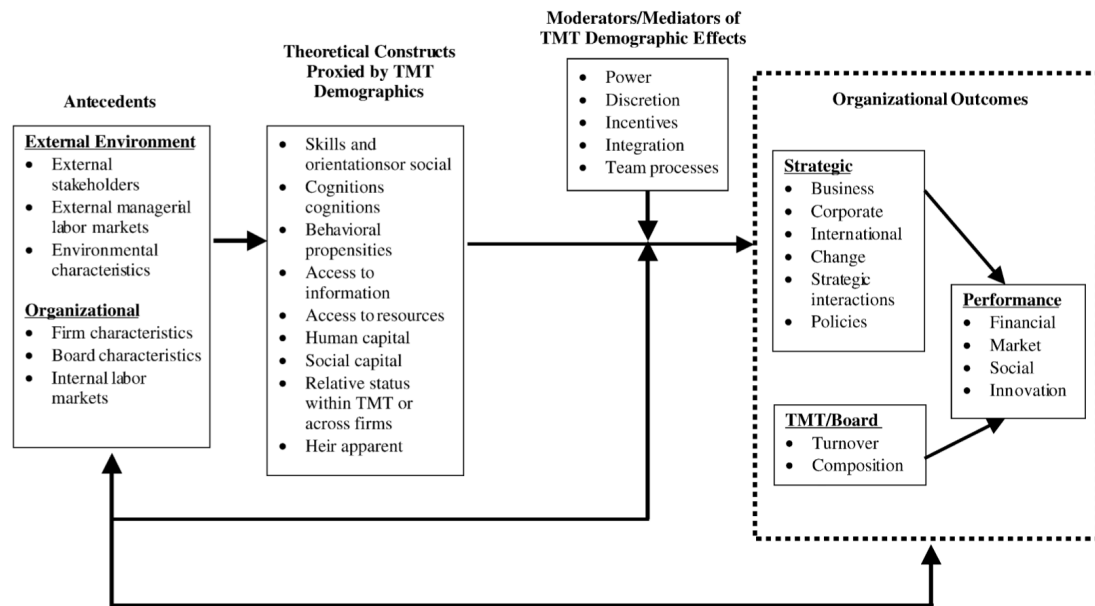


Figure 2.2 Carpenter, Geletkanycz and Sander's Model of Upper Echelons Perspective

Source: Carpenter, Geletkanycz and Sander, 2004, p.760.

Early studies have produced contradictory results regarding whether team diversity is a predictor of organisational performance (Kisfalvi and Pitcher, 2003). In addition, beyond an extensive focus on the effects of TMTs' demographic characteristics, many scholars try to explain the inconsistent findings by examining TMT process as a moderator. Researchers still fail to understand the nature of TMT process as well (Simsek et al., 2005). It seems that upper echelons studies have not yet examined how actual psychological and social processes transform senior managers' personalities and characteristics into actions (Hambrick, 2007). Only by opening the black box can scholars have a better understanding of the micro processes that impact on executives' behaviour. The mechanisms within team processes that affect how group dynamics work still require further study.

In an area that is connected with TMT diversity research, studies using upper echelons

theory find that intermediate TMT processes, which act as the mediators of TMT composition and organisational performance, require further study (Lawrence, 1997; Buyl et al., 2011). Hambrick (1994) proposes a significant intermediate TMT process: behavioural integration, which includes information sharing, collaboration and joint decision-making. His study argues that behavioural integration acts as an intervening mechanism when analysing the diversity-organisational performance interface in TMTs. TMTs can benefit from diversified executives, but only if TMT members work as a real team with no subgroups. Li and Hambrick (2005) examine the role of behavioural (dis)integration as an intervening mechanism between conflicts and performance. Until now, the way in which the actual mechanisms that make group behaviour affect team integration have remained ambiguous.

To explore how team processes, such as collaboration and collective group behaviour, affect decision quality, previous research has proposed a number of constructs of group dynamics including team cohesion (Barrick et al., 2007), group conflicts (Li and Hambrick, 2005), communication (O'Reilly, Snyder and Boothe, 1993) and shared strategic cognition and consensus (Ensley and Pearce, 2001). While team cohesion and consensus may be advantageous, the impact of team conflicts have not yet been proven (Ensley and Pearson, 2005).

2.4.2 TMT Diversity Research

The development of TMT diversity research has followed the path developed in general diversity research (see Table 2.1). Instead of analysing the relationship between TMT diversity composition and TMT group performance, current TMT diversity research mainly focuses on the moderator. Knight et al. (1999) find that demographic diversity alone has effects on strategic consensus within TMTs. By adding the moderating effects of two group process variables; namely, interpersonal conflicts and agreement-seeking, they show that demographic diversity in TMTs has a negative effect on strategic consensus. Kilduff, Angelmar and Mehra (2000) examine cognitive diversity within senior team members and find that cognitive diversity in TMTs affects, and is affected by, changes in firm performance. Interestingly, no relationships between demographic diversity and cognitive diversity are found in their

study. Three mechanisms (collaborative behaviour, accurate information exchange and decision-making decentralisation) also moderate the positive impact of TMT diversity (functional background and locus-of-control) on team performance (Boone and Hendriks, 2009).

With a particular focus on functional diversity, Cannella, Park and Lee (2008) have found that if TMT members have the same office location, the effects of TMT functional diversity are more likely to have a positive impact on firm performance. In addition, when the environmental context becomes more uncertain, intrapersonal functional diversity will also have a more positive effect on performance.

Instead of analysing the moderating role of context, Buyl et al. (2011) focus on the integrative role of the CEO in the relationship between TMT functional diversity and firm performance. By examining the CEO-TMT interface, their study finds that the characteristics of CEOs (functional background, status as founder and shared experience with other TMT members) have a moderating impact on the relationship between TMT functional diversity and firm performance. In detail, firms will unleash the benefits of TMT functional diversity when a CEO, who is not the founder of the firm, has more common experience compared to that of other executives. They argue that in specific industries; for example, the highly dynamic and innovative IT industry, a CEO with a strong marketing background is more effective in utilising the benefits of TMT functional diversity.

Based on the recent criticism of the individual approach to studying diversity, attention is increasingly being paid to the different layers of context in which diversity is embedded, such as individual, group, organisational and societal contexts (Jackson, Joshi and Erhardt, 2003). Some studies have recognised the distinct effects of different levels and tried to explore the interactions among these levels. Nielsen (2010) reviews TMT diversity studies and proposes several dimensions for future research. For example, the conceptualisation of the diversity construct needs to be clarified. Previous studies have proposed different types of diversity in terms of both theory and analysis; however, these differences may not have the same consequences for team performance.

In addition, the various diversity dimensions may also be connected and they need to be studied as group effects. For example, the moderating effects of internal context (colocation of TMT members) and external context (environmental uncertainty) are examined in a study by Cannella, Park and Lee (2008). Their findings indicate that TMT functional diversity will have a greater positive impact on firm performance if more TMT members have offices in the same location and when external environment uncertainty increases. However, Qian, Cao and Takeuchi (2013) find that external context (competitive uncertainty) may promote organisational innovation in functionally diverse TMTs. They also find a positive impact of organisational context (institutional support) on group outcomes. Nationality diversity within TMTs is also positively related to performance, and the effects are stronger in (1) longer tenured teams, (2) highly internationalised firms, and (3) munificent working environments (Nielsen and Nielson, 2013).

2.5 The Need for Researching Team Diversity

In diversity research, many studies have analysed the distribution of personal attributes among interdependent members of a team (Harrison et al., 2002; Joshi and Roh, 2009; Homan et al., 2010; Bell et al., 2011; O'Neill and Allen, 2011). Diversity attributes studies have explored the different dimensions of demographic differences within team members. For example, the difference between age and tenure (Jehn and Bezrukova, 2004) is regarded as being beneficial to group performance. In contrast, race, ethnicity, gender, age, tenure and education (Jackson, Joshi and Erhardt, 2003; Kirkman, Tesluk and Rosen, 2004; Li and Hambrick, 2005; Balkundi et al., 2007) have all been found to be detrimental to team processes (i.e., relationship conflict), emergent states (i.e., empowerment and organisational commitment) and group performance.

Although many studies have discussed the fact that the demographic characteristics of team members have a significant impact on team performance, more studies are needed to discover the complex interactions among these diverse demographic attributes. For example, Jackson and Joshi (2004) take the social context into account and find evidence of a three-way diversity interaction. A combination of different

diversity attributes may lead to different individual perceptions, different group behaviour and varied team performance.

In addition, many of the actions that occur inside the 'black box' of organisational demography are still unknown (Lawrence, 1997). Previous studies could have investigated the different types of conflicts that are triggered by individual differences within organisations. Future research can further investigate the impacts of the different dimensions of personal attributes on team behaviour (i.e., conflicts and cooperation) and explain how conflicts may have an impact on team performance. Since the influences of conflicts on team performance have not yet been proven, figuring out the conflicts-performance relationship by analysing the impacts of mediators; for example, group cohesion and group behavioural integration, could provide more insights (Hambrick, 1994; Mohr and Puck, 2005; Buyl et al., 2011).

This focus of this research moves from analysing individual dynamics, which focuses on exploring different personal characteristics, to analysing group dynamics, which explores the relationships and interactions among the diversified members of TMTs. The analysis of different levels, including individual (senior managers and CEOs respectively) and TMT group dimensions, makes conflicts research more integrated and dynamic than studies that examine the impacts of the behaviour of isolated individuals in a working team. This study further extends the level of analysis to group-level faultline conflicts. Previous studies focus on the approaches implemented in order to manage interpersonal conflicts, which are general categories that include relationship conflicts and other disagreements between individuals. Instead of exploring the interactions between individuals, this research focuses on subgroups, which means that the interactions have expanded to the group level. In this way, individual impacts are weakened by group benefits and group-level consensus.

2.6 Conclusions

A great deal of research has focused on team diversity. Diversity scholars have examined the impacts of individual diversity by considering team-level and

organisational-level dimensions. It has been found that the diversity attributes of team members can either enhance or harm work processes and organisational mechanisms, thus significantly affecting team performance and organisational outcomes. Diversity research at the TMT level has produced similar results. TMT diversity research, however, focuses on the top level of management, which is more crucial to organisational performance. The current insights in diversity research have offered a broad generalisation of why differences within teams affect specific attitudinal outcomes, such as team conflicts or member changes. The next chapter will further review one of the key research areas of team diversity: team conflicts.

Chapter 3. Literature Review—Conflict Management Process

This chapter critically evaluates the current stream of conflict management research. Firstly, conflict types and team management approaches are presented. Since the conflicts examined in this study are focused on Top Management Teams, which is the top level of management, the strategic leadership and CEO-TMT interface will be presented. This chapter then discusses the unique approaches taken by CEOs and TMTs when dealing with conflicts. This section focuses on the early stage of the conflict management process; the later stage of conflict management, which is referred to as faultlines, will be discussed in Chapter 4.

3.1 Conflict States

Due to the complexity and interdependence involved in working with others, conflicts are inevitable in working groups and organisations (Jehn, 1995). Conflicts in workplaces may occur in all stages and all levels of organisation activities; for example, from planning to implementation, and from the TMT to junior members. There has been extensive interest in the literature regarding the value of studying the conflicts that occur in teams. Previous studies have divided group conflicts into three categories: task (cognitive) conflict, relationship (affective) conflict and process conflict (Jehn, 1995; Amason and Sapienza, 1997; Simons and Peterson, 2000; De Dreu et al., 2001, Tekleab, Quigley and Tesluk, 2009). The following sections will discuss three different types of conflicts and their respective impacts on team performance. The interactions between the three types of conflicts will also be discussed. Table 3.1 summaries the typical findings in relation to team conflict types and team-work variables.

Table 3.1 Comparison of Studies of Types of Team Conflicts and Mediators

Study	Level of analysis	Conflict types	Team variables correlated to conflict types
De Dreu and Weingart (2003)	Individual Team	Task Relationship	Team performance Team satisfaction
Jehn and Bendesky (2003)	Team	Task Relationship Process	Amplifiers (task interdependence, group diversity, acceptability norms and collaborative conflict management processes) Suppressors (task routines, rights-based conflict resolution) Ameliorators (positive emotions, interest-based third parties) Exacerbators (negative emotions)
Martínez-Moreno et al. (2009)	Team	Task Relationship Process	Communication media
Hülshager, Anderson and Salgado (2009)	Team	Task Relationship	Team innovation
De Wit, Greer and Jehn (2012)	Team	Task Relationship Process	Team performance Team satisfaction Team trust Team cohesion Team commitment Team identification Organisational citizenship behaviour Counterproductive workplace behaviour Positive affect
DeChurch, Mesmer-Magnus and Doty (2013)	Team	Task Relationship	Team performance Team affective outcomes Avoiding/competing/collaborating openness
O'Neill, Allen and Hastings (2013)	Team	Task Relationship Process	Team performance Team innovation Team potency Team cooperative behaviour Team competitive behaviour Team avoidance behaviour
Thiel et al. (2017)	Team	Relationship	Team-level cognitive reappraisal
Humphrey et al. (2017)	Team	Task Relationship	Information exchange
Hjerto and Kuvaas (2017)	Team	Cognitive task Emotional Relationship Emotional task	Team size Mood valence
O'Neil et al. (2018)	Individual Team	Task Relationship Process	Information processing
Benitez, Medina and Munduate (2018)	Team	Relationship	Conflict management styles (avoiding, integrating and compromising)

Source: Author.

3.1.1 Task Conflict

Task conflict is the ‘awareness of differences in viewpoints and opinions pertaining to a group task’ (Jehn and Mannix, 2001, p.238). Previous empirical research has investigated the effects of task conflict on group-level performance and organisational-level outcomes. Intensive studies have found that task conflicts can improve team effectiveness and therefore group performance (Jehn, 1995; Amason, 1996; Amason and Schweiger, 1997; Pelled, Eisenhardt and Xin, 1999; Martínez-Moreno et al., 2009; Humphrey et al., 2017). For example, Amason (1996) argues that Top Management Teams can benefit from task conflicts and that the final result of these is an enhancement of the internal cohesiveness within teams. When teams are experiencing functional, task-focused conflicts, organisations are more likely to perform better (Amason, 1996; Simons and Peterson, 2000).

In contrast, several studies (Jehn, Northcraft and Neale, 1999; Kurtzberg, 2000; Langfred and Moye, 2014) and a meta-analysis study (De Dreu and Weingart, 2003) show that task conflicts may also negatively affect group performance. Liu, Fu and Liu (2009)’s findings state that the effects of task conflicts on team performance are highly contextual. A recent meta-analysis study (De Wit, Greer and Jehn, 2012) fails to replicate traditional findings, thus providing evidence of the fact that the direct impact of task conflicts is highly variable—sometimes negative and sometimes positive. In other words, some scholars have not found any significant associations between task conflicts and group performance.

Due to the fact that the positive impact of task conflicts is questionable, the conflicting empirical findings make it difficult for scholars to provide clear managerial prescriptions. Limited research has examined the conditions that promote or degrade task conflicts’ positive effects on group performance (Rispens, Greer and Jehn, 2007). Instead of analysing task conflicts that are often regarded as being beneficial, scholars have carried out further investigations on moderators, which are less frequently analysed in team conflict research and remain a considerable gap in the literature (Jehn and Bendersky, 2003; Jehn et al., 2008; Greer, Caruso and Jehn, 2011; De Wit, Greer and Jehn, 2012; De Wit, Jehn and Scheepers, 2013; Maltarich et al., 2018).

Simons, Pelled and Smith (1999) propose that the debate-by-diversity interaction of group process is a moderator of diversity's effect on organisational performance. Knight et al. (1999) examine interpersonal conflict and agreement-seeking as two intervening group process variables that significantly improve the relationship between team diversity and strategic consensus in teams. Different backgrounds and experience among TMT members also increase task conflicts, whereas differences in position, values or attitudes will reduce team cohesiveness and trigger interpersonal conflicts (Harrison and Klein, 2007). De Dreu (2006) finds that working teams are more innovative if the task conflicts are mediated by collaborative problem-solving. However, although collaborative behaviour may promote team innovation, teams fail to achieve their short-term goals.

3.1.2 Relationship Conflict

Relationship conflict is the 'awareness of interpersonal incompatibilities, [and it] includes affective components such as feeling tension and friction' (Jehn and Mannix, 2001, p.238). Many studies have investigated the negative impact of relationship conflict on group outcomes in different ways. For example, relationship conflict may inhibit team effectiveness, and a poor decision is also associated with relationship conflict (Simons and Peterson, 2000). Their study argues that relationship conflict limits information processing, increases the levels of stress and anxiety among team members and encourages antagonistic attributions for other senior managers' behaviour.

When considering member change and turnover, Medina et al. (2005) find that if team members experience relationship conflicts, they are more willing to leave their current job. Relationship conflicts may also impede the team learning process, thus harming team performance (Van Woerkom and Engen, 2009). They further examine the conflict management styles that can buffer the negative effects of relationship conflicts. The presence of relationship conflict can impede the information exchange process, which will result in conflict. When team members know each other better through teamwork, relationship conflicts and process conflicts will harm team performance

(Martínez-Moreno et al., 2009). Benitez, Medina and Munduate (2018) also find that relationship conflicts will lead to emotional exhaustion within a team. While studying the emotional aspect within teams, Glinow, Shapiro and Brett (2004) argue that relationship (emotional) conflict is inevitable. Therefore, asking team members to avoid this kind of conflict is impracticable.

Some studies have examined the mediating factors in the relationship between relationship conflicts and team performance. Based on threat rigidity and threat regulation theories, early-stage relationship conflicts disrupt team processes, such as coordination and interpersonal processes (Thiel et al., 2017). By examining the moderating effects of team-level cognitive appraisal, they find that if team members cognitively reappraise previous affective conflicts then relationship conflicts may have a smaller impact on critical team processes.

When analysing relationship conflicts from a process perspective, some scholars also explore the interactions among team members. Nifadkar and Bauer (2016) explore whether relationship conflict is triggered by newcomers based on belongingness theory. They argue that if newcomers can build relationships with and get information from their supervisors, they can still succeed in organisations no matter how many conflicts they have with their co-workers.

3.1.3 Process Conflict

Process conflict is the ‘awareness of controversies about the aspect of how task accomplishment will proceed’ (Jehn and Mannix, 2001, p.239). It has not been widely studied when compared to task conflict and relationship conflict. One reason may be measurement problems, which ultimately lead to conceptual issues (Behfar et al., 2011). Process conflict is difficult to distinguish empirically from task conflict and is found to be highly correlated with relationship conflict (Jehn, 1997; Jehn and Mannix, 2001; Korsgaard et al., 2008).

Another reason why process conflict is less frequently studied than the other two

conflicts is because the definitions used in research on task and process conflict are correlatively inconsistent (Behfar et al., 2011). Studies that focus on task conflict only define task conflict as the disagreements about group procedures and dissatisfaction related to the distribution of resources (Pelled, Eisenhardt and Xin, 1999; De Dreu and Weingart, 2003; De Dreu, 2006). However, studies integrating process conflict and task conflict clearly separate such procedural disagreements from the divergent attitudes and debates related to the content of tasks (Jehn, 1997; Kurtzberg and Mueller, 2005; Matsuo, 2006; Greer, Jehn and Mannix, 2008).

Process conflict is similar to relationship conflict in that process conflict has been found by the majority of scholars to have a consistent, negative effect on team performance (Greer and Jehn, 2007; Behfar et al., 2008; Behfar et al., 2011; De Wit, Greer and Jehn, 2012). Some studies have found that process conflict decreases perceptions of creativity and innovativeness in organisations (Kurtzberg and Mueller, 2005; Matsuo, 2006) and that it increases anger, anxiety, animosity and negative emotional attitudes towards team work (Greer and Jehn, 2007; Jehn, 1997; Jordan, Lawrence and Troth, 2006; Passos and Caetano, 2005) and impedes the level of productivity (Jehn, Northcraft and Neale, 1999).

Since process conflict is particularly affected by team members' emotionality, conflict may increase team members' emotionality, which will shift their origin attention on the task to an interpersonal issue (Greer and Jehn, 2007). The reason for this is that team members' perceptions of respect, personal values and attitudes may be challenged in the group process. For example, if a member receives a task that he/she does not like, the member may assume that the leader has assigned the assessment based on the judgement of his/her working competence. In return, this suspicion will lead to a personal and affective process conflict. Just as is the case with relationship conflict, process conflict negatively affects team performance due to the partial emotionality associated with such conflicts (Behfar et al., 2011).

In contrast, limited research has explored the positive correlation between process conflict and team performance. In other words, process conflict encourages team

members to ask for support, clarify the responsibility of roles, re-examine the distribution of resources and set a plan for deadlines, thus allocating work more effectively (Jehn and Mannix, 2001; Jehn and Bendersky, 2003). For example, a study by Martínez-Moreno et al. (2009) finds that process conflict decreases videoconference team performance but increases face to face team performance. The rationale may be that team members can clarify work processes in their initial discussions via face to face meetings. It seems that more clarifications are needed to understand the positive or negative effects of process conflict on group performance in different circumstances.

3.2 Conflict Transformation

Instead of analysing the effects of task conflict, relationship conflict and process conflict on group performance, many studies also examine the interactions among the conflict types. They find that some conflicts are correlated and occur at the same time (Mooney, Holahan and Amason, 2007). If teams think cognitive (task) conflict is beneficial and advocate it, teams may inadvertently trigger affective (relationship) conflict (Mooney, Holahan and Amason, 2007). It can be summarised that conflict researchers investigate the transformation process from three triadic dimensions: (1) behavioural interactions and effectiveness, (2) emotion, and (3) the management approach. Table 3.2 presents the relevant studies carried out in the area of conflict transformation.

In previous studies, the common mediators that drive conflict evolution are behavioural interactions and team effectiveness. For example, Simons and Peterson (2002) examine the mechanisms that underlie the co-occurrence of task conflict and relationship conflict. They find that task conflict is more likely to trigger relationship conflict when the level of intragroup trust is quite low in the group. Consistent with their findings, Choi and Cho (2011) also claim that task conflict will be transformed into relationship conflict if team members lack trust. In addition, relationship conflict will evolve into task conflict in the context of the negative group effect.

Table 3.2 Comparison of Studies of Conflicts Transformation and Mediators

Study	Conflict Transformation	Mediators
Simons and Peterson (2002)	Task → Relationship	Intragroup trust
Tidd, McIntyre and Friedman (2004)	Task → Relationship	Role ambiguity
Yang and Mossholder (2004)	Task → Relationship	Intragroup emotional processing
Mooney, Holahan and Amason (2007)	Cognitive (task) → Affective (relationship)	Behavioural integration
Greer, Jehn and Mannix (2008)	Early Stage (task, relationship, conflict) → Late Stage (task, relationship, conflict)	Conflict resolution
DeChurch, Hamilton and Hass (2007)	Task → Relationship	Conflict management strategies
Choi and Cho (2011)	Task → Relationship Relationship → Task	Trust Negative group effect
Martínez-Moreno et al. (2012)	Task → Relationship	Communications
Pluut and Curşeu (2013)	Task → Relationship	Coping strategies (problem focused or emotion focused)
Curşeu, Boroş and Oerlemans (2012)	Task → Relationship	Emotion regulation processes
Camelo-Ordaz, García-Cruz and Sousa-Ginel (2015)	Task → Relationship	Behavioural integration
Guenter et al. (2016)	Task → Relationship	Perceived team performance
Yu and Zellmer-Bruhn (2018)	Task → Relationship	Team mindfulness

Source: Author.

Martínez-Moreno et al. (2012) have indicated that efficient communications can prevent task conflict from escalating into relationship conflict. Behavioural integration, as discussed in previous chapters, can also prevent task conflict from triggering relationship conflict (Mooney, Holahan and Amason, 2007; Camelo-Ordaz, García-Cruz and Sousa-Ginel, 2015). Using social identity theory, Guenter et al. (2016) build a model focusing on the moderating role of performance-related factors; for example, perceived team performance, to analyse how task conflicts affect relationship conflicts. Their findings indicate that only when perceived team performance is low may task conflict result in a high level of relationship conflict.

Considering conflict transformation as a multilevel process, Yu and Zellmer-Bruhn (2018) find that a higher level of interpersonal aggression in the form of social

undermining will exacerbate relationship conflict at an individual level. However, team mindfulness can prevent task conflict from transforming into relationship conflict and stop relationship conflict from spilling over into individual social undermining.

Several scholars investigate the role of emotion in conflict processes. Since conflict is emotion defined, identifying emotional conflict processes can prevent conflict transformation and escalation (Bodtker and Jameson, 2001). Yang and Mossholder (2004) argue that intragroup emotional processing (collective emotional intelligence, intragroup relational ties and conflict-relevant interactional norms) constrains task conflict and prevents it from escalating into damaging relationship conflict. A study by Curşeu, Boroş and Oerlemans (2012) identifies the significant role of emotion regulation processes in conflict transformation. If a team has fewer effective emotion regulation processes in both the short-term and long-term then task conflict can evolve into relationship conflict more easily.

Other scholars examine the role of management approaches and coping strategies in the transformation of conflict by taking a process-state perspective. If teams cope with task conflicts by focusing on problems, the chances of task conflicts transforming into relationship conflicts will be lower. What is more, if teams cope with relationship conflicts by focusing on emotion then relationship conflicts will escalate over time (Pluut and Curşeu, 2013).

In addition to being examined in relation to the bilateral relationship between task conflict and relationship conflict, process conflict is also included in the study of conflict transformation. If process conflict occurs in the early stage of a team's interactions, it is more likely that the process conflict will lead to higher levels of task conflict and relationship conflict in the team. However, if team members manage to resolve their process conflicts in the early stage then the effect of process conflict on the other two conflict types may be limited (Greer, Jehn and Mannix, 2008). Consistent with Greer, Jehn and Mannix (2008)'s findings, Camelo-Ordaz, García-Cruz and Sousa-Ginel (2015) also find a negative impact of process conflict over time. They

argue that teams with a high level of process conflict in the early stage can suffer relationship conflict in later group interactions.

Relationship conflicts in the early stage of group interactions may also trigger process conflicts in the later stage (Greer, Jehn and Mannix, 2008). Desivilya and Yagil (2005) find that relationship conflicts may result in negative emotions in team members. It is the way that team members deal with relationship conflict that will result in process conflict. For example, if team members only focus on their own benefits and are not concerned about others, the probability that process conflict will occur will increase.

3.3 Team Processes

Team process involves the interactions between team members that take place in order to achieve team goals. Team process is defined as ‘members’ interdependent acts that convert inputs to outcomes through cognitive, verbal, and behavioural activities directed towards organising task work to achieve collective goals’ (Mark, Mathieu and Zaccaro, 2001, p.357). Their far-reaching conceptual paper proposes a framework and taxonomy of team process that includes three superordinate categories: transition, action and interpersonal process.

In the team process, variables are used to present and analyse the mediation effects and effects on outcomes. Some variables, such as attitudes, values, beliefs, cognition and motivations, may not be physically perceived in the interaction process. However, these cognitive variables do affect team outcomes. Mark, Mathieu and Zaccaro (2001) define these constructs as ‘emergent states’, which are the characteristic attributes of a team. These attributes play an essential part in team dynamics and have various impacts on team context, team process and team performance. Figure 3.1 presents the conceptual framework, which provides the foundation for both future works and this study.

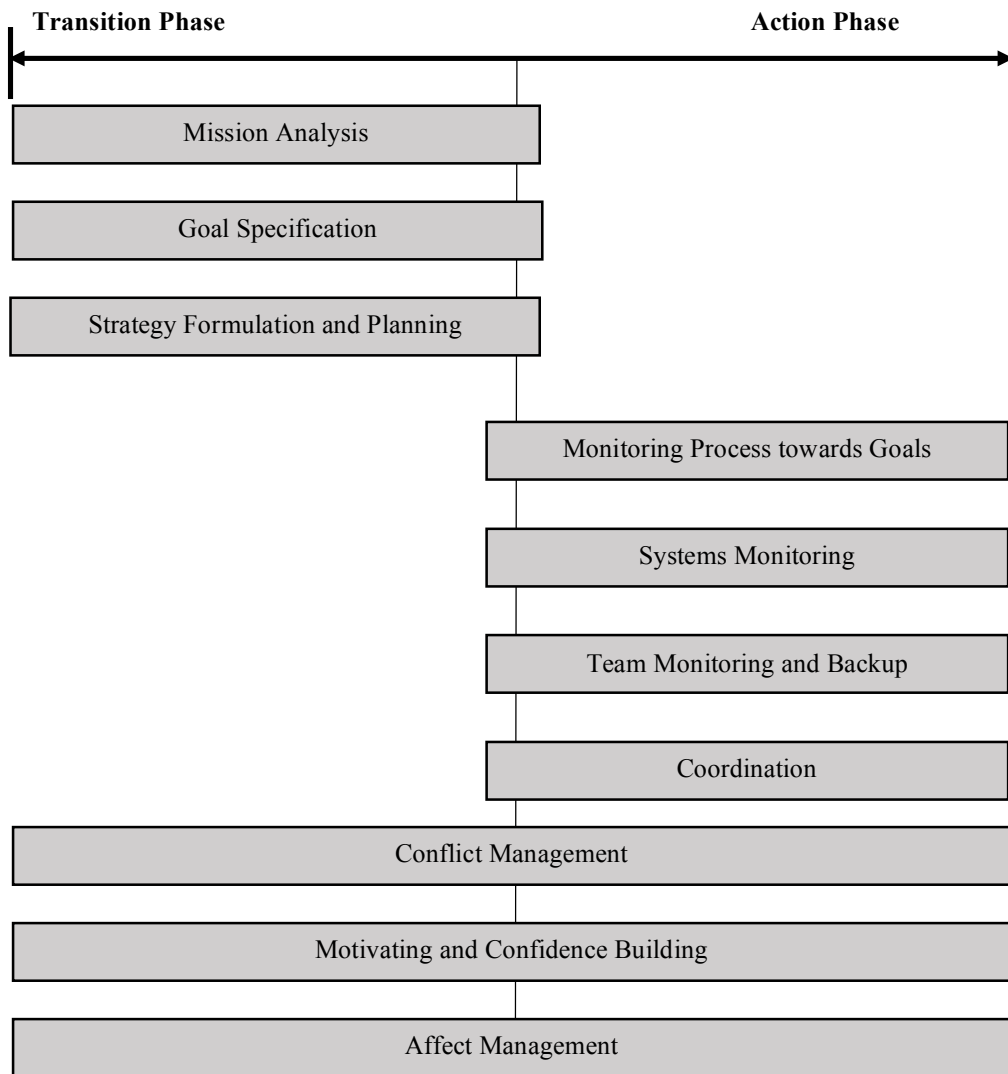


Figure 3.1 Manifestation of Process in the Transition and Action Phases

Source: Marks, Matheiru and Zaccaro, 2001, p.364

3.3.1 Transition Process

In the transition phases, team members focus on activities such as mission analysis, future directions, goal specification and formulating strategies and planning (Marks, Mathieu and Zaccaro, 2001). The transition process is regarded as the foundation stage for later actions. However, the transition process has received the smallest amount of attention in empirical research (Mathieu et al., 2008). Based on the proposed framework, Mathieu and Schulze (2006) further explore team attributes (formal plans

and knowledge) as moderators and find that they affect the relationship between transition/interpersonal processes and performance. Their findings state that a well-executed transition process can lead to better performance regardless of teams' knowledge levels. The interpersonal processes will positively affect group performance when organisations have made good formal plans.

3.3.2 Action Process

In the action phases, members focus on activities such as monitoring progress and movement towards goals, coordinating and monitoring teams and backing up team members (Marks, Mathieu and Zaccaro, 2001). Compared with transition processes, which have received limited attention, action processes are frequently examined by scholars (Mathieu et al., 2008). As discussed previously, many studies have examined the essential roles of communication and coordination in the team process. Rico et al. (2008) examined the effect of implicit coordination behaviour (such as anticipation and dynamic adjustment) on team performance.

Mutual support, which can be referred to as backup behaviour, is defined as 'the discretionary provision of resources and task-related efforts to another team member that is intended to help that team member obtain the goals' (Porter et al., 2003, p.392). Porter (2005) indicates that backup behaviour increases the quality of decision-making performance. However, Barnes et al. (2008) explore the disadvantages of backup behaviour. They argue that backup behaviour may lead backup providers to neglect their own responsibilities and work.

3.3.3 Interpersonal Process

In the interpersonal phases, members focus on conflict management, motivation, confidence building and affect management (Marks, Mathieu and Zaccaro, 2001). Interpersonal processes typically extend through the transition phase and action phase; however, the interpersonal process may sometimes be salient across all phases. Compared with the transition processes and action processes, interpersonal processes

have been intensively studied and research on conflict is the most prevalent (Mathieu et al., 2008).

Jehn (1995) examines the effects of conflicts at both individual and group level. The findings indicate that task conflicts and relationship conflicts lead to the dissatisfaction of individuals. The two conflicts may be beneficial or detrimental to group performance in specific circumstances. De Dreu and Weingart (2003) find that both relationship and task conflict have significant negative impacts on team performance and member satisfaction. Studies on conflict management will be further discussed in the next section.

In addition to studies of conflict, other dimensions—such as motivations, trust and mental management—have been frequently examined. For example, research has illustrated that feedback has a positive impact on motivation, interpersonal trust and, ultimately, performance in virtual teams (Geister, Konradt and Hertel, 2006). De Jong and Elfring (2010) find that through team monitoring and team efforts, trust can significantly affect ongoing team performance. The concept of the ‘shared mental model’ has been introduced to analyse the relationship between interpersonal process and performance. Stout et al. (1999) argue that effective planning in the transition process increases the level of shared mental consensus, allows group members to communicate more efficiently and thus improves coordinated team performance. A study by Mathieu et al. (2000) also indicates that the shared mental models within teams are measurable and that they affect team outcomes.

3.4 Conflict Management Approaches

The interpersonal context may result in conflicts and attempts to manage these conflicts in workplaces (Jehn, 1995). Conflict management refers to what team members who experience conflicts in the workplaces intend to do and what they actually do (Van de Vliert, 1997). When examining conflict resolution, research shows that there are two stages in the development of conflict measures. Early research analysed the management approaches taken by individuals to handle conflicts. Thomas

and Kilmann (1974) propose the five conflict-handling approaches used to assess an individual's behaviour in conflict situations. They categorise a person's behaviour into two fundamental dimensions: assertiveness (satisfying an individual's own concerns) and cooperativeness (satisfying others' concerns). The five conflict-handling approaches are competing, collaborating, compromising, avoiding and accommodating. Figure 3.2 shows the theoretical framework of the five conflict management approaches that are based on concern for self and concern for others.

Based on the Thomas-Kilmann conflict mode instrument (TKI), Rahim (1983) also differentiate styles of handling interpersonal conflicts into two fundamental dimensions: concern for oneself and concern for others. The proposed five approaches to interpersonal conflicts are based on the combination of these two dimensions, and they are: integrating, dominating, compromising, obliging and avoiding (see Figure 3.3). However, based on dual concern theory, De Dreu et al. (2001) examine the psychometric qualities of scale and find that the scale is parsimonious and flexible when it comes to assessing conflict management approaches in workplaces.

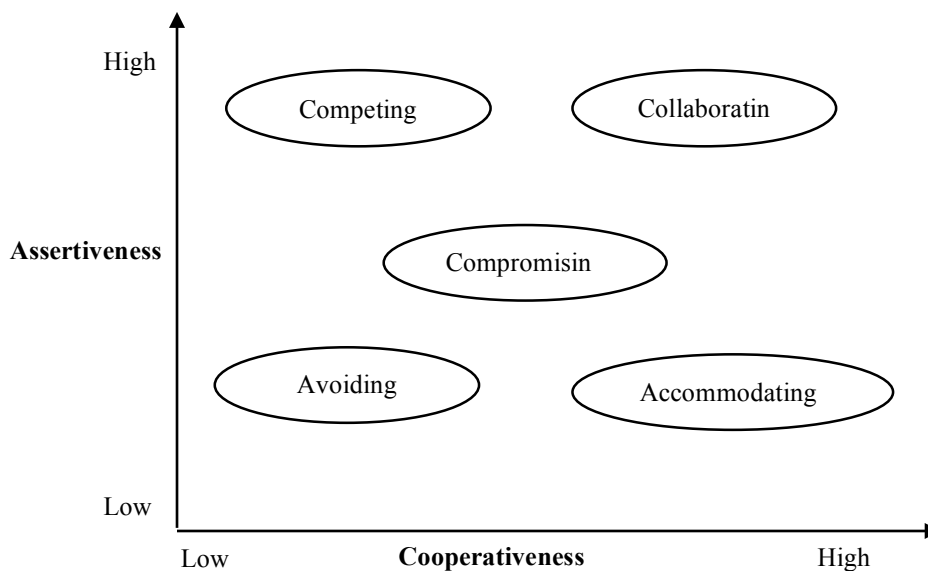


Figure 3.2 Thomas-Kilmann's Two-dimensional Model of Conflict-Handling Behaviour

Source: Thomas and Kilmann, 2008, p.2.

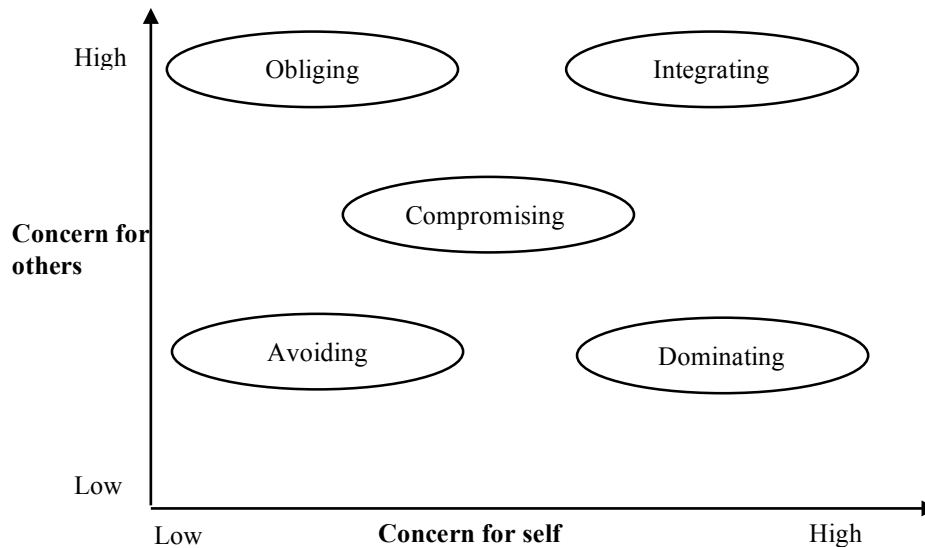


Figure 3.3 Styles of Handling Interpersonal Conflict

Source: Rahim, 1983, p.369.

Later, Martin and Nakayama (2000) propose another approach, called the mediation or intermediary approach, which invites a third party to deal with conflicts. Inconsistent with previous findings, De Dreu and Van Vianen (2001) find that collaborative and competing approaches to relationship conflict distract team members' attention from their tasks; in contrast, the avoiding approach is more functional in that it allows team members to focus on their task only. They also examine the approaches taken by the third party but do not find any relationships to team effectiveness and performance.

Similar to the two dimensions of 'concern for oneself' and 'concern for others', some researchers further explore three dimensions: (1) moving toward (i.e., the collaborating approach); (2) moving against (i.e., the competing approach); and (3) moving away (i.e., the avoiding approach (Van de Vliert and Euwema, 1994; De Dreu and Van Vianen, 2001; DeChurch, Mesmer-Magnus and Doty, 2013). These studies apply management approaches to understanding how individuals interact in teams.

When considering the high impact of conflicts in different levels of organisations,

existing studies not only examine management approaches based on the current conflict management framework; they also link leadership into their analysis. For example, Zhang, Cao and Tjosvol (2011) find that transformational leadership drives team members to use the cooperative, rather than the competitive approach, to managing conflicts, which also promotes team coordination.

While studying the emotional aspect within teams, Glinow, Shapiro and Brett (2004) argue that relationship (emotional) conflict is inevitable. Therefore, asking team members to avoid this kind of conflict is impracticable. If relationship conflict occurs within teams, their interactions may be undesirable and ineffective. Since traditional interactions and communications are not an efficient approach by which to deal with relationship conflict, training team members is more helpful. Instead of encouraging talking, team leaders can play an essential leadership role. Their study proposes an alternative approach, which is referred to as an aesthetic method. This involves communicating through nondialogue forms of verbal expression, including cultural awareness, music, events that are visually oriented, community service and events that encourage members' physical participation; for example, outdoor activities.

Additionally, Benitez, Medina and Munduate (2018) find that avoiding and integrating conflict management styles will alleviate the tendency for relationship conflict to result in emotional exhaustion, whereas a compromising management style will increase this risk.

3.5 Conflict Management Process

Instead of focusing on the management approaches taken by individuals, recent studies integrate individual behaviour into the group process. The potential research area in team conflict management literature is team conflict processes (DeChurch, Mesmer-Magnus and Doty, 2013). Mark, Mathieu and Zaccaro (2001, p.368) have defined two types of conflict management processes that can be used to resolve or minimise conflict: (1) pre-emptive conflict management, involving establishing conditions by which to prevent, control or guide team conflicts before they occur; and (2) reactive

conflict management, involving taking actions to manage and minimise the impacts of interpersonal conflicts, such as task, relationship and process disagreements between team members.

Most studies in conflict management focus on reactive conflict management, which refers to the attempts and measures used to resolve or reduce the conflicts that have emerged in the workplace. Strategies used in the reactive conflict management process include compromise or consensus, discuss or debate, open communications, avoid or ignore, rotate responsibilities and idiosyncratic solutions (Behfar et al., 2008). Pre-emptive conflict management, however, focuses specifically on reducing or controlling team conflict before it occurs (Salas, Rico and Passmore, 2017). Toegel and Barsoux (2016) propose five dimensions that can pre-empt team conflict: look (team members perceive and understand the difference); act (team members judge behaviour rationally); speak (team members communicate professionally); think (team members accept different mindsets); and feel (team members can manage their emotions properly).

Instead of categorising the group conflict management process based on timescales and personal initiative, DeChurch, Mesmer-Magunus and Doty (2013) distinguish the team conflict processes using two fundamental approaches: individualistic and collectivistic. Their study distinguishes conflict states (including task conflicts and relationship conflicts), which are the shared perceptions among team members about the disagreement over task and relationship conflict, from conflict processes (including conflict management approaches), which are members' interactions aimed at working through tasks and interpersonal disagreements.

In their findings, the behaviours of avoiding and competing are individualistic processes; in contrast, openness and collaboration approaches are collectivistic processes. The dimensions of avoiding, competing and collaboration measures have been discussed in previous conflict resolution studies and have been used to characterise interaction patterns within teams in order to resolve and/or integrate conflicts. The openness approach is similar to the collaborating approach in that it is

concerned with constructive controversy research (Tjosvold, 1997), which refers to engaging in more open discussions or the willingness to change in order to implement mutually beneficial measures.

DeChurch, Mesmer-Magunus and Doty (2013)'s meta-analysis provides evidence of the fact that conflict states and conflict processes are distinct and affect team performance directly. Conflict processes are 'members' interactions aimed at working through the task and interpersonal disagreements' (p.560). While the findings show a direct effect of conflict processes, the interactive effects of conflict states and processes need to be further explored. The limited studies examining the interactive effects between conflict states and processes (i.e., DeChurch and Marks, 2001; Greer, Jehn and Mannix, 2008) have not addressed the causal and interactive effects between conflict states and conflict processes.

Based on the study by DeChurch, Mesmer-Magunus and Doty (2013), Maltarich et al. (2018) examine the interactive effects of conflict states (task conflicts and relationship conflicts) and conflict process (the competitive conflict management approach and cooperative conflict management approach). Their findings address inconsistencies in the literature related to the effect of team conflict, and specifically task conflict, within teams. They argue that task conflict at the end of a team's life cycle, such as relationship conflict, can have a significant negative effect on group performance, but only when teams' conflict management approaches are competitive (rather than cooperative). They also find that conflict management approaches are affected by the type of conflict that teams exhibit in their early life cycle stages. Thus, they present a study of how early levels of conflict types affect conflict management approaches and how these approaches affect later levels of the conflict type/performance relationship. Based on their model, conflict types and conflict management approaches should be modelled together in order to understand team conflict better.

3.6 Top Management Team Conflict Management Studies

This section presents the current studies of conflicts in Top Management Teams. Most studies share similarities with general conflict management research; however, TMT diversity has the distinction of having a more important and deeper impact on organisations. In this section, different types of conflicts in TMTs are presented, and this is followed by a discussion of the CEO-TMT interface and TMTs' managerial responses to group conflicts. It also identifies the current emerging fields that require further study.

3.6.1 CEO-TMT Interface

Most researchers view Top Management Teams as a whole, without distinguishing between the CEO and the other TMT members (Peterson et al., 2003). CEOs are regarded as being key members of TMTs who largely affect TMT group decisions and TMT performance (Hambrick, 1996; Ling et al., 2008; Simsek et al., 2005). Recently, the CEO-TMT interface has caught scholars' attention. They assume that CEOs may play a unique and decisive role in TMTs' group performance and argue that the CEOs' impact should also be considered (Haleblian and Finkelstein, 1993; Minichilli, Corbetta and MacMillan, 2010; Papadakis and Barwise, 2002).

For example, Zaccaro and Klimoski (2002) propose that TMTs' group performance jointly depends on team and CEO dynamics and interactions. Simsek et al. (2005) also underscore the central influence of the CEO on a TMT's task-related processes. Ling et al. (2008) and Jansen et al. (2008) highlight the significant impact of CEOs' leadership style on TMT processes, behavioural integration and organisational ambidexterity. Reviewing previous studies, Simsek, Heavey and Fox (2018) reveal that the 'CEO-TMT [interface] is sometimes characterised by the reciprocal interdependencies, particularly in situations where CEOs and TMT members must operate in unison, such as in dynamic, novel, or uncertain environments' (p.289). Their conceptual framework presents three questions to be answered: (1) Why does the CEO-TMT interface occur? (2) What happens in the CEO-TMT interface? and (3)

What are the impacts of the CEO-TMT interface? Figure 3.4 presents the framework for interfaces.

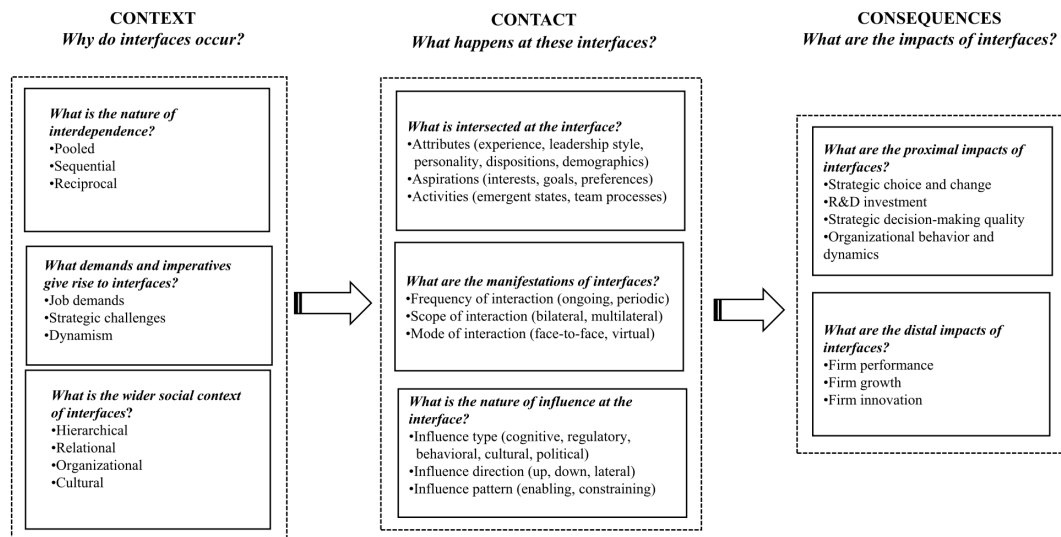


Figure 3.4 A General Framework for Interfaces

Source: Simsek, Heavey and Fox, 2018, p.288

Many studies have investigated the demographic attributes of CEOs and have integrated the CEOs' personal characteristics and leadership style into the TMTs' group behaviour and performance. For instance, Peterson et al. (2003) analyse how the CEO's personality affects TMT group characteristics (i.e., cohesion and power centralisation) and, finally, enhances organisational performance. However, CEOs with strong emotional reactions and distinct characters may impede the beneficial impact that a diverse team has on performance (Kisfalvi and Pitcher, 2003). Based on Barrick and Mount (1991)'s Big Five personality framework, De Jong, Song and Song (2013) argue that the different personality types of CEOs (openness, neuroticism, extraversion, agreeableness and conscientiousness) are either beneficial or detrimental to TMTs' task conflicts and relationship conflicts.

3.6.2 Conflicts in Top Management Teams

Conflicts in Top Management Teams are multidimensional (Tekleab, Quigley and Tesluk, 2009). Task conflict is functional, since team members focus on the content of

decisions and challenge other members' diverse perspectives. Relationship conflict, however, is dysfunctional, since it is more emotionally and interpersonally focused (Amason, 1996). Thus, TMTs are more effective if task conflicts occur in TMTs and relationship conflict is avoided (Amason and Sapienza, 1997). Amason and Sapienza (1997) indicate that if the size of a TMT becomes larger and senior managers are more open, then cognitive (task) conflicts may increase. Examining the co-occurrence of task and relationship conflicts in TMTs, Simons and Peterson (2000) argue that intragroup trust plays a pivotal role in group process, especially in the transformation process when task conflicts escalate to relationship conflicts. Three antecedent conditions (TMT heterogeneity, firm strategy and behavioural integration) are found to affect TMT conflicts.

In the study by Mooney and Sonnenfeld (2001), TMT heterogeneity is positively related to cognitive conflict, whereas firm strategies show a negative relationship to cognitive conflict. Interestingly, behavioural integration encourages TMTs to avoid not only affective conflict but also cognitive conflict, which was seen as being beneficial to group performance in previous studies. In construct, Camelo-Ordaz, García-Cruz and Sousa-Ginel (2015) argue that behavioural integration makes task conflict more constructive in relation to firm innovativeness. Task conflicts are found to positively affect firms' innovativeness and relationship conflicts may entirely mask this effect. Both studies indicate that appropriate mechanisms are needed to manage conflicts within TMTs.

Focusing on the CEO-TMT interface, De Jong, Song and Song (2013) find that the characteristics of CEOs may have a different impact on TMT task conflicts and relationship conflicts. For example, CEO openness increases TMT task conflict and decreases relationship conflict. However, CEO neuroticism increases TMT relationship conflict but does not affect task conflict. In contrast, CEO agreeableness increases TMT task conflict but has no effect on relationship conflict. CEO extraversion decreases TMT relationship conflict but has no effect on task conflict. Finally, CEO conscientiousness minimises the severity of TMT task and relationship conflicts.

3.6.3 Top Management Teams' Conflict Management Approaches

An efficient top management process is essential to TMTs' team performance and organisational performance. Some studies have explored the appropriate approaches taken by senior managers when conflicts happen in TMTs. For example, Chen, Liu and Tjosvold (2005) argue that the effects of conflicts in Top Management Teams are significant and that the effects are dependent on how senior managers manage conflicts. Their study identifies three approaches to managing conflicts; namely, the cooperative, competitive and avoiding approaches. The findings indicate that Top Management Teams in China can benefit from conflicts when they use the cooperative approach instead of the competitive and avoiding approaches to managing existing conflicts. Using cooperative approaches can promote innovation and increase efficiency in organisations. Interestingly, their findings challenge the traditional argument that avoiding conflict in order to maintain harmony is culturally appropriate for organisations in the collectivist culture of China.

Wang, Jing and Klossek (2007) confirm the findings of Chen, Liu and Tjosvold (2005), indicating that instead of avoiding conflicts, senior managers in China prefer to use integrating/collaborating approaches to solve problems and tasks. Their study provides interesting findings regarding when senior Chinese managers adopt traditional approaches, such as mediating, avoiding and compromising. They argue that if relationship or affective conflicts happen in TMTs then the integrating/cooperating approaches are not efficient.

Based on Thomas and Kilmann (1976)'s conflict-handling framework, Liu, Fu and Liu (2009) find that the compromising approach minimises the negative impact of relationship conflict on TMTs' cohesiveness and performance, whereas the avoiding approach aggravates the negative impact of both task conflicts and relationship conflicts on outcomes. The accommodating approach does not have a significant impact on group outcomes.

Current TMT conflict management studies examine group approaches to handling conflicts in TMTs. However, conflicts that happen in TMTs are different from

conflicts that occur in other levels in organisations, in terms of the reasons why the conflicts occur and their impacts on group/organisational performance. In conflict management studies, Zhang, Cao and Tjosvol (2011) have connected leadership studies to analysing conflict handling approaches. More TMTs studies are needed to explore how leadership style, especially CEOs' personal approaches, will affect the conflict management process. In other words, instead of analysing TMTs' group approaches, research can respectively examine the pre-emptive and reactive conflict management approaches taken by CEOs and Top Management Teams.

In addition, a gap was proposed by Druskat and Wheeler (2003, p.455), who claimed that 'external leaders appear to be a forgotten group' and that 'scholars have provided little theory to clarify their role.' Burke et al. (2006) also echo these limitations by stating that there are a lack of studies that integrate the relationship between external leader behaviour and team performance.

3.7 The Need for Researching Team Conflicts

Previous studies have largely explored the impacts of task conflicts and relationship conflicts on team performance (De Dreu and Welngart, 2003; Jehn and Bendesky, 2003; Martinez-Moreno et al., 2009; De Wit Greer and Jehn, 2012; DeChurch, Mesmer-Magnus and Doty, 2013; O'Neill, Allen and Hastings, 2013; Humphrey et al., 2017; O'Neil et al., 2018). Later, many scholars started to analyse the interactions among the conflict types (Simons and Peterson, 2002; Mooney, Holahan and Amason, 2007; Greer, Jehn and Mannix, 2008; Camelo-Ordaz, García-Cruz and Sousa-Ginel, 2015). In these studies, the researchers investigate the transformation process from three triadic dimensions: (1) behavioural interactions and effectiveness, (2) emotion, and (3) the management approach. Although the findings indicate that a specific type of conflict may trigger other conflicts, limited studies have studied when conflict transformations occur and how conflict transformation happens.

By introducing the concept of faultlines, this study moves forward from an individual-focused analysis when studying conflicts to a group-focused analysis. The broader

level of members' involvement in conflicts poses a new question about how individual conflicts, such as task conflicts and relationship conflicts, exacerbate subgroup conflicts. By integrating the three triadic dimensions mentioned above, this study first examines how group behaviour and emotional concerns affect the exacerbation of conflicts. Thus, the first research question aims to answer how existing conflict states can be transformed into faultlines in Top Management Teams.

Using a process view, this study also examines the dynamic process of management approaches. The conflict management process will be broken down into two stages: the initial stage (pre-emptive procedure), when conflicts are between individuals; and the later stage (reactive procedure), when conflicts have escalated and exist between different groups. The study of team management approaches will recognise the individual and group efforts that are made when managing conflicts. Since the conflicts examined in this study are focused on Top Management Teams, which represent the top level of management, the strategic leadership and CEO-TMT interface will also be presented.

3.8 Conclusions

This chapter provides an overview of diversity research and conflict management, including a discussion of the types of conflicts and the conflict management process. Since this study mainly focuses on Top Management Teams, this study further presents the literature on TMT diversity research, TMT conflicts and TMTs' approaches to managing conflicts. The next chapter will provide in-depth discussion of faultline study, which is an emerging field in the conflict management area. In addition, the links between faultlines and current conflict studies in diversity research will also be discussed.

Chapter 4. Literature Review—Group Faultline

Diversity research within organisations has been exploring the characteristics of individuals and groups that may inhibit or promote group functioning. The focus on group composition and attributes of individuals has led the research to focus on faultline study (Thatcher and Patel, 2012). This chapter provides an overview of current research in the field of faultlines. It critically evaluates the motivations and impact of studying faultlines. The literature review of faultlines will summarise five different themes: theoretical foundations, faultline types, faultline activation, faultline impacts and TMT faultline studies. The last section brings together the faultline literature with Chapter 2 and Chapter 3 to present the relationship between faultline, conflict and diversity research.

4.1 The Theoretical Foundations of Faultlines

The concept of faultlines was firstly introduced by Lau and Murnighan (1998, p.325), who propose that an organisational group can be potentially subdivided into several subgroups depending on the ‘compositional dynamics of the multiple demographic attributes’. Their fundamental conceptual research supposes that the actual faultlines within teams may have negative effects on internal communications, team functioning and performance. Later, Lau and Murnighan (2005) empirically tested their demographic faultline model by investigating the effects of intra-group and cross-subgroup communications. They find that when a demographic faultline exists in a group, team members have different paces of team learning, different perceptions of psychological safety, different levels of satisfaction and different expectations in relation to performance. Thus, teams with strong faultlines impede work communications between different subgroups. Their studies, which make use of social identity and self-categorisation theories, laid the foundation for future faultline studies.

Until now, researchers have explained the phenomenon of faultlines based on four models: (1) the categorisation-elaboration model (CEM); (2) optimal distinctiveness theory; (3) social, psychological and cultural distance theories; and (4) the cross-

categorisation model. Table 4.1 provides a brief discussion of four dominant theories in faultline studies and provides example studies that have used these theories.

Table 4.1. Theoretical Theories in Faultline Studies

Theory	Content	Faultline Articles
Social Identity theory	Group membership based on multidimensional individual characteristics leads to in-group self-categorisation and enhancement such that individuals favour the in-group at the expense of the out-group.	Thatcher et al., 2003; Bezrukova et al., 2007; Halevy, 2008; Kunze and Bruch, 2010; Bezrukova et al., 2012
Self-categorisation theory	A person sees himself or herself as a member of a social category, which has implications for sense of self and leads to depersonalisation and various in-group and out-group identities.	Thatcher et al., 2003; Lau and Murnighan, 2005; Li and Hambrick, 2005; Molleman, 2005; Pearsall, Ellis and Evans, 2008; Polzer et al., 2006; Rico et al., 2007; Choi and Sy, 2010; Jehn and Bezrukova, 2010; Minichilli et al., 2010; Van Knippenberg et al., 2010; Bezrukova et al., 2012
Categorisation-elaboration model	Explains how categorisation and elaboration effects influence a work group's performance in relation to diversity. It combines the predictions of self-categorisation theories with the predictions of the information/decision-making approach used in diversity studies. Thus, diversity can have both positive (elaboration) and negative (categorisation) effects on performance.	Gratton, Voigt and Erickson, 2007; Homan et al., 2007; Bezrukova et al., 2010; Van Knippenberg et al., 2010
Optimal distinctiveness theory	Individuals desire to attain an optimal balance of assimilation and distinction within and between social groups and situations.	Gibson and Vermeulen, 2003
Distance theories	The degree to which one group believes other groups (based on spatial, temporal, or social distance) are similar.	Lau and Murnighan, 2005; Polzer et al., 2006; Greer and Jehn, 2007; Bezrukova et al., 2009; Chrobot-Mason et al., 2009; Homan et al., 2010; O'Leary and Mortensen, 2010; Van Oudenhoven-van der Zee et al., 2009; Zanutto, Bezrukova and Jehn., 2011
Cross-categorisation models	Cross-categorisation of diversity dimensions may reduce strong alignments necessary for subgroup formation and thereby contribute to enhanced group functioning by decreasing conflict and enhancing information elaboration.	Hart and Van Vugt, 2006; Sawyer, Houlette and Yeagley, 2006; Homan et al., 2007; Homan et al., 2008; Kunze and Bruch, 2010; Cronin et al., 2011

Source: Author.

It can be summarised that categorisation-elaboration theory (CEM) and optimal distinctiveness theory explain the faultline from an intra-subgroup perspective. On the contrary, distance theories and cross-categorisation theories analyse the faultline from an inter-subgroup perspective (Thatcher and Patel, 2012).

The categorisation-elaboration model (CEM model) was proposed by Van Knippenberg, Dreu and Homan in 2004. The CEM model incorporates mediator and moderator variables that are explored to explain the conflicting impacts of attitudes on team performance in diversity research. In addition, the CEM model states that intergroup biases will prohibit the sharing and processing of task-related information and perspectives (Thatcher and Petal, 2012). In short, the CEM model explains the faultline from both the intra-subgroup and inter-subgroup perspective.

Optimal distinctiveness theory (ODT) supposes that individuals in a team intend to strike a balance according to their point of equilibrium (Thatcher and Petal, 2012). Team members neither want to be too similar to others nor too different from others (Brewer, 1991). The theory has been used to analyse intergroup and intragroup relationships; however, empirical studies have made limited progress. Ormiston (2016) establishes a model explaining when and why discrepancies exist between objective and perceived differences within groups. The model supposes that stronger faultlines are associated with team members' moderately satisfied belonging and satisfied distinctiveness. In contrast, faultlines may happen less frequently if team members have a frustrated sense of belonging and frustrated distinctiveness.

The categorisation-elaboration model (CEM) and optimal distinctiveness theory (ODT) acknowledge the importance of both intra-subgroup and inter-subgroup dynamics (Thatcher and Petal, 2012). Cross-categorisation models and distance theories only focus on the inter-subgroup level. Social, psychological and cultural distance theories are used to explain the way in which the degree of distance between subgroups significantly affects group outcomes (Bezrukova et al., 2009; Zanutto, Bezrukova and Jehn, 2011). As a result, every additional attribute can make a subgroup more distinct from other subgroups. The attributes magnify inter-subgroup differences and

aggravate the faultline within teams. Distance theory is also used in institutional studies, which examines how individuals in one subgroup group perceive that they are similar to others (Thatcher and Petal, 2012). Polzer et al. (2006) find that geographic distance between subgroups results in trust crisis and more conflicts when the members of the subgroups are homogeneous according to nationality.

Using social identification and self-categorisation theories, researchers examine the attributes of individuals in a team to explain the behaviour of team members, occurrence of faultlines and the impacts of subgroups on team process (Lau and Murnighan, 1998; Lau and Murnighan 2005; Bezrukova et al., 2009; Bezrukova et al., 2016). However, many of the current studies focus on how the characteristics and attributes of individuals may affect group performance. Studies on joint effects, including the multi-dimensional characteristics of team members, are needed (Thatcher and Patel, 2012). The interactions between the different attributes of individuals in a team may provide a more comprehensive understanding of the cumulative impacts of individual attitudes.

In comparison with distance theories that explain how differences within inter-subgroups cause individuals with similar attributes to form faultlines, the cross-categorisation model explains how a similar attribute across all subgroups can work as a mechanism by which to bridge and undermine the differences within inter-subgroups (Thatcher and Patel, 2012). For example, if all subgroups share a similar categorisation attribute the team members of a subgroup may not feel a high level of inter-subgroup differences compared to subgroups with no similarities (Cronin et al., 2011; Homan et al., 2007).

4.2 Typology of Faultlines

Limited studies have formulated a category of faultline types. Carton and Cummings (2012, 2013) differentiate subgroup types based on social identity, social dominance and information processing theory. They propose a typology of subgroups comprised of three types: identity-based subgroups, resource-based subgroups and knowledge-

based subgroups. Accordingly, their study suggests that three types of faultlines can be regarded as antecedents of subgroups: (1) separation-based faultlines, (2) disparity-based faultlines and (3) variety-based faultlines. Table 4.2 presents the different types of faultlines based on the findings of Carton and Cummings (2012, 2013).

Table 4.2. A Typology of Faultlines in Organisations

Type of Faultlines	Type of Subgroup	Configurational Properties of Subgroups	Examples	Characteristics of Inter-subgroup Processes
Separation-based faultlines	Identify-based subgroups	<ul style="list-style-type: none"> • Numbers of identity-based subgroups • Variation in the size of identity-based subgroups 	<ul style="list-style-type: none"> • Cliques • Values homophily • Relational subgroups • Social subgroups 	Inter-subgroup processes are characterised by the social identity of team members. <ul style="list-style-type: none"> • Threat to identities of team's subgroups • Fragmentation of team's identity
Disparity-based faultlines	Resource-based subgroups	<ul style="list-style-type: none"> • Numbers of resource-based subgroups • Variation in the size of resource-based subgroups 	<ul style="list-style-type: none"> • Coalitions • Factions • Alliances • Blocs 	Inter-subgroup processes are characterised by resource dominance <ul style="list-style-type: none"> • Asymmetric perception of fairness • Centralisation of power in team
Variety-based faultlines	Knowledge-based subgroups	<ul style="list-style-type: none"> • Numbers of knowledge-based subgroups • Variation in the size of knowledge-based subgroups 	<ul style="list-style-type: none"> • Cohorts • Informational subgroups • Clusters • Task-related subgroups 	Inter-subgroup processes are characterised by information (knowledge and perspective) processing and sharing <ul style="list-style-type: none"> • Consideration of alternative sources of knowledge • Convergence of mental models

Source: Carton and Cummings, 2012.p.444 and p.448

A separation-based faultline exists if individuals in one subgroup share similar demographic identity attributes; for example, age, gender, value/attributes and cultural background. The separation-based faultline can be linked to two diversity attributes: demography and culture. As discussed in Chapter 2, the demographic characteristics of team members and their cultural background have a positive or negative impact on team performance.

A disparity-based faultline will exist if individuals in one subgroup share a similar level of resources; for example, power. A variety-based faultline will exist if individuals in one subgroup share a similar level of expertise and knowledge background; for example, functional expertise. The two types of faultlines can be related to the diversity attribute; namely, demographic diversity, and functional background diversity.

Based on the faultlines' underlying characteristics, Hutzschenreuter and Horstkotte (2013) classify faultlines as (1) task-related faultlines, which are based on the content of tasks and may be reinforced by team members' educational background, level of expertise and knowledge and length of tenure; and (2) bio-demographic faultlines, which are based on team members' demographic attributes, such as their age, gender and nationality. Scholars categorise different attributes of individuals and propose secondary subgroups/faultlines; for example, geographically based subgroups (O'Leary and Mortensen, 2010).

4.3 Faultline Activation

Most faultline studies focus on the effect of faultlines on group performance and the demographic attributes of diversified group members. However, much of the work has neglected a key area when it comes to understanding the linkage between demographic characteristics and faultlines; namely, faultline activation (Thatcher and Patel, 2012). In other words, studying faultline activation can answer three questions: when do team members perceive diversified attributes within teams; how do team members perceive these attributes (i.e., through events or interactions); and, finally, how do these alignments (dormant faultlines) become activated faultlines? The following sections will analyse the composition of faultlines, discuss two types of faultlines (dormant and activated) and review the research that has studied faultline triggers.

4.3.1 Faultline Composition

Lau and Murnighan (1998, p.328) have argued that ‘groups may have many potential faultlines, each of which may activate or increase the potential for particular subgroupings’. As defined by Jehn and Bezrukova (2010, p.24), faultline activation is ‘the process by which an objective demographic alignment (a potential, or dormant faultline) is actually perceived by group members as the division of the group into separate subgroups based on demographic alignment (an activated faultline)’.

Based on diversity research, some faultline studies have investigated demographic attributes as drivers of faultlines. These studies categorise faultline triggers based on: (1) social category attributes; for example, race, gender and age; and (2) informational attributes; for example, functional background, educational background and length of tenure (Thatcher, Jehn and Zanutto, 2003; Molleman, 2005; Bezrukova et al., 2009; Bezrukova et al., 2012). For example, Thatcher, Jehn and Zanutto (2003) firstly operationalise the faultlines based on diversity-related constructs. They argue that faultlines can be formed based on demographic characteristics, such as race, sex, age, functional area, country of origin, work experience and educational background.

The initial faultline formulation is based on surface-level attributes, such as detectable demographic attributes. When teams develop and group members get to know more about each other, faultline-based deeper-level attributes emerge (Gratton, Voigt and Erickson, 2007). Some studies have investigated the faultlines derived from non-demographic attributes, such as personality characteristics (Molleman, 2005), work location (Cramton and Hinds, 2004; Polzer et al., 2006) and the level of familiness in family-owned firms (Minichilli, Corbetta and MacMillan, 2010).

As a result of the fact that faultline composition is based on the alignment of variables, studies can simultaneously examine the alignment of different types of faultline attributes. Rico et al. (2007) investigate faultlines based on a joint alignment of work experience (informational attribute) with conscientiousness (personality attribute). Until now, studies have not produced consistent or more comprehensive findings regarding the combination of different faultline attributes. Previous studies have only

analysed certain compositional attributes that have been derived from diversity research. Whether these demographic attributes are perceived by team members, and whether these attributes can actively affect intragroup processes, still needs to be further discussed.

4.3.2 Dormant Faultlines and Activated Faultlines

Previous studies have distinguished faultlines into two types: dormant and activated faultlines. Dormant faultlines are potential faultlines that are based on a particular set of attributes, while active faultlines exist when members actually perceive subgroups to exist based on these sets of attributes (Thatcher and Patel, 2012). The difference between dormant faultlines and active faultlines is similar to the conception of perceived diversity and actual diversity in diversity research (Riordan, 2000).

Even if faultlines are not activated in a group, dormant faultlines may still have an impact on group functioning (Chrobot-Mason et al., 2009). Faultlines may become active under the effect of faultline triggers, which are referred to as an event or situation that makes a previously dormant faultline become an active faultline (Rink and Jehn, 2010). Jehn and Bezrukova (2010) propose two scenarios that result in the activation of a dormant faultline. The first is the predisposition of the fault's orientation. For example, team members perceive there to be significant differences between others based on demographic attributes. Severe conflicts have previously occurred and a dormant faultline exists in the team. The second is an increase in stress or pressure that drives team members to polarise. For example, the promotion of newcomers may break the power balance within teams. It seems that the first criterion is inadequate and that the faultline activation process needs further explanation. In addition, Jehn and Bezrukova (2010) propose that dormant faultlines do not necessarily transform into active faultlines; however, specific group personality configurations may activate potential, but dormant, faultlines.

4.3.3 Triggers that Activate Faultlines

In the fundamental study by Lau and Murnighan (1998), faultlines are strengthened when: (1) different subgroups have significant distinctions; (2) members of a subgroup can receive support from members within a group when they implement changes consistent with their subgroup's views; (3) members of a subgroup compete with other team members; and (4) there is a strong connection between members within the subgroup. In contrast, faultlines are weakened when: (1) there is an open sharing of information among group members; (2) there is a norm of appreciating minority views; (3) group members will make concerted efforts to face external treats; and (4) members of a subgroup interact with others outside their subgroup. Table 4.3 presents examples of the faultline activators and deactivators that have been explored in previous studies. The previous findings regarding deactivators show that deactivators are closely connected to and largely affected by conflict management approaches, which were discussed in the previous chapter.

A multi-country, multi-organisational qualitative study by Chrobot-Mason et al. (2009) finds that most faultline triggers can be described as being one of the following five types: (1) differential treatment, (2) different values, (3) assimilation, (4) insult or humiliating action, and (5) simple contact. Their study acknowledges the conventionally observed faultline triggers that are based on demographic attributes; for example, age, race, nationality, religion and gender. Their findings are consistent with Lau and Murnighan (1998)'s findings, which argue that that demographic faultlines lead to interpersonal conflicts, as this causes members to break into subgroups. What is more, their findings also find that group dynamics are significantly affected by issues and events. In addition, deep-rooted historical tensions between different groups will also provide an additional boost for the emerge of faultlines.

Aside from Chrobot-Mason et al. (2009)'s study, limited studies have investigated faultline triggers in the way that Lau and Murnighan (1998) conceptualise them (i.e., as an event or task makes a previously dormant faultline active). Polzer et al. (2006) theorise that in geographically dispersed teams, different members' geographical locations can activate faultlines, thus harming team functioning. For example,

faultlines based on different geographical locations are triggered in virtual teams when international team members attempt to find an agreeable meeting time. This trigger is an example of an assimilation trigger.

Table 4.3. Examples of Faultline Triggers and Deactivators

Level	Category	Triggers	Deactivators
Individual	Surface level (structures)	<ul style="list-style-type: none"> • Simple contact (Chrobot-Mason et al., 2009) • Seating arrangement (Homan et al., 2007) • All demographic attributes (Thatcher, Jehn and Zanutto, 2003; Molleman, 2005; Bezrukova et al., 2009; Bezrukova et al., 2012) 	<ul style="list-style-type: none"> • Team member goals (Thatcher and Patel, 2011)
	Deep Level (Motives)	<ul style="list-style-type: none"> • Differential treatment (Chrobot-Mason et al., 2009) • Different values (Chrobot-Mason et al., 2009; Homan et al., 2010) • Insult or humiliating action (Chrobot-Mason et al., 2009) • Differential treatment (Chrobot-Mason et al., 2009) • Assimilation (Li and Hambrick, 2005; Chrobot-Mason et al., 2009) 	<ul style="list-style-type: none"> • Openness to experience (Homan et al., 2008) • Pro-diversity beliefs (Homan et al., 2008) • Salience of subgroup differences (Pearsall, Ellis and Evans, 2008; Meyer et al., 2011) • Perceived work style similarity (Zellmer-Bruhn et al., 2008)
Team	Surface level (structures)	<ul style="list-style-type: none"> • Team size (Van Knippenberg et al., 2011) • Stability and size of subgroups (Carton and Cumming, 2012, 2013) • Team entitlement configuration (Jehn and Bezrukova, 2010) • Geographic distance (Polzer et al., 2006; Bezrukova et al., 2009; Zanutto, Bezrukova, and Jehn, 2011) • Distribution of resources and power (Zhang et al., 2017, Bunderen, Greer and Van Knippenberg, 2018) 	<ul style="list-style-type: none"> • Team Tenure overlap (Barkema and Shvyrkov, 2007) • Shared team objectives (Van Knippenberg et al., 2011) • Team Leader behaviour (Gratton, Voigt and Erickson, 2007; Kunze and Bruch, 2010; Simsek, Heavey and Fox, 2018) • Cross-categorising informational diversity (Homan et al., 2007)
	Deep Level (Motives)	<ul style="list-style-type: none"> • Subgroup behaviour (Gibson and Vermeulen, 2003) • Previous conflict experiences (Hart and Van Vugt, 2006) • Subgroup pre-discussion (Sawyer, Houlette and Yeagley, 2006) 	<ul style="list-style-type: none"> • Superordinate team identity (Homan et al., 2008) • Information sharing (Homan et al., 2007) • Meeting informality (Tuggle, Schnatterly and Johnson, 2010) • Team identification (Jehn and Bezrukova, 2010) • Cognitive integration (Cronin et al., 2011)
Organisation	Surface level (structures)	<ul style="list-style-type: none"> • Reward structures (Homan et al., 2008) • Task content (Pearsall et al., 2008) 	<ul style="list-style-type: none"> • Rich Communication medium (Dau, 2016) • Performance management (Gibson and Vermeulen, 2003) • Organisational vision and mission (Van Knippenberg et al., 2011)
	Deep Level (Motives)	<ul style="list-style-type: none"> • Cultural misalignment (Bezrukova et al., 2011) 	<ul style="list-style-type: none"> • Cultural alignment (Bezrukova et al., 2011)

Source: Author.

Jehn and Bezrukova (2010) suppose that dormant faultlines do not automatically become activated faultlines. There exist some triggers that activate divisions between team members. In other words, they try to find out when and why dormant faultlines

(i.e., potential faultlines based on demographic characteristics) become activated faultlines. In their findings, the team's entitlement configuration is the key to faultline activation. Teams with dormant faultlines or an entitlement configuration in each potential subgroup are more likely to activate faultlines.

Informal networks, such as friendships, can serve as triggers of faultlines (Ren, Gray and Harrison, 2015). They find that team performance is improved when friendship ties bridge different subgroups; however, performance is hampered when animosity ties destroy the same subgroups.

Some studies use experiments to examine faultlines in specific circumstances in which faultlines are active but not necessarily triggered. For example, studies have examined whether faultlines are affected by actual or perceived different values (such as diversity belief and assimilation). For example, Homan et al. (2010) find that the more group members value diversity and individual differences, the less likely it is that subgroups and faultlines will occur in the team. Schölmerich, Schermuly and Deller (2016) particularly focus on the leaders' diversity beliefs and find a positive correlation with team functioning. In 2017, they found that team leaders' and members' pro-diversity beliefs had a joint impact on moderating the negative impact of diversity faultlines on team performance.

Li and Hambrick (2005) find that teams may integrate existing factions when creating other groups. Chrobot-Mason et al. (2009) also identify the assimilation phenomenon, which occurs when dominant groups expect others to act like them. As a result, some minor groups will assimilate and join the dominant groups. In addition, some studies have discovered other faultline triggers under experimental conditions; for example, task content (Halevy, 2008; Halevy, Bornstein and Sagiv, 2008; Pearsall, Ellis and Evans, 2008; Homan et al., 2010), reward structures (Homan et al., 2008), previous conflict experiences (Hart and Van Vugt, 2006), seating arrangements (Homan et al., 2007) and team entitlement configuration (Jehn and Bezrukova, 2010).

Internal behavioural factors; for example, members' attributes and interactions within

groups, may activate faultlines. Some external factors, such as introducing newcomers, may also activate and augment conflicts. The formation of faultlines, when caused by newcomers, are based on ideological differences rather than demographic attributes (Dyck and Starke, 1999). Their findings show that dormant faultlines in teams can be activated by a two-part activation process. External factors frustrate the individual members' intention to polarise and find alignment; however, external factors alone will not result in the formation of subgroups, and legitimising events will finally result in faultlines after the external factors act as catalysts. Appointing newcomers in leadership roles is a typical legitimising event. These findings are in line with Lau and Murnighan (1998)'s findings, which argue that the promotion of newcomers is one of the faultline activation factors.

Interestingly, Van der Kamp, Tjemkes and Jehn (2012) form a typology of faultline deactivators, which are defined as the factors that shift members' attention away from the activated faultlines. They propose that motivational faultline deactivators and structural faultline deactivators can drive activated faultlines to transform into less serious team conflict, such as task conflict, relationship conflict and process conflict. The motivational faultline deactivators include intra-team trust and superordinate team identity. The structural faultline deactivators include direct channels for interaction and centralised leadership.

4.4 Faultline Impacts

Current literature has found that faultlines negatively affect group processes; for example, team conflict (Thatcher, Jehn and Zanutto, 2003), team cohesion (Flache and Mäs, 2008; Greer, 2012; Thatcher and Patel, 2011), social loafing (Meyer, Schermuly and Kauffeld, 2016; Schölmerich, Schermuly and Deller, 2016), social integration (Rico et al., 2007), information elaboration (Homan et al., 2007), learning behaviour (Gibson and Vermeulen, 2003) and team functioning (Schölmerich, Schermuly and Deller, 2017).

In addition, faultlines also have an impact on affective outcomes; for example, team

creativity (Spoelma and Ellis, 2017) and satisfaction (Jehn and Bezrukova, 2010). What has been most frequently studied is the impact of faultlines on performance outcomes; for example, team decision making (Rico et al., 2007; Spoelma and Ellis, 2017) and group performance (Thatcher, Jehn and Zanutto, 2003; Lau and Murnighan, 2005; Li and Hambrick, 2005; Polzer et al., 2006; Sawyer, Houlette and Yeagley, 2006; Rico et al., 2007; Barkema and Shvyrkov, 2007; Bezrukova et al., 2009; Choi and Sy, 2010; Greer, 2012).

More recently, some researchers have also explored the impacts of moderators on the relationship between faultlines and team performance. For example, Homan et al. (2007) find that if group members share the value of diversity the disruptive effects of diversity faultlines can be minimised. An informationally diverse group performs better than an informationally homogeneous group that is not affected by diversity beliefs. In this way, group-level information elaboration mediates the effects. Exploring the moderating effect of team task autonomy, Rico et al. (2007) propose that teams with diverse and weak faultlines perform better and show a higher level of social integration.

Using a multilevel theory, Bezrukova et al. (2016) find that group-level faultlines negatively affect group performance. In comparison, organisational-level faultlines are also negatively connected with organisational performance, but are more harmful because of high levels of compensation. In addition, their findings also indicate that internally-focused conflict exacerbates the negative impact but that externally-focused conflict mitigates this impact. Looking outside organisations and focusing on the industry level, Heidl, Steensma and Phelps (2014) examine the divisive faultlines in multi-partner alliances. Their findings indicate that multi-partner alliances, which are composed of a mixture of centrally and peripherally positioned partners in the industry network, are less likely to be affected by divisive faultlines.

Some studies also analyse faultlines in context-specific predictions. Bezrukova et al. (2012) demonstrate that informational faultlines are detrimental to group performance. However, if a culture with a strong emphasis on results is embedded in the team, the

negative impact of faultlines on team performance will be lessened. While examining the moderation effects of external environmental dynamism, complexity and munificence, Cooper, Patel and Thatcher (2014) also analyse the moderation effects of environmental factors. They find that informational faultlines will affect firm performance positively under the condition of low environmental dynamism, high complexity and high munificence. In contrast, a firm with informational faultlines will have unsatisfying performance under high environmental dynamism, low complexity and high munificence. Identify-based faultlines are harmful to team creativity. However, a threat can mitigate the negative effects. When under threat, which increases status conflict in the team, information faultlines are detrimental to decision-making performance (Spoelma and Ellis, 2017).

In a study of team leader involvement that focuses on the impact of faultlines on team members' individual performance, Meyer et al. (2015) show that employees' performance will decrease to a lesser extent if their team leader is in their subgroup. In other words, faultlines have no negative main effect on individual performance. The findings further reveal that organisational crises may exacerbate the impact of team leader involvement as a result of the fact that the team leader should provide more social support.

4.5 Top Management Team Faultlines Studies

Strategic leadership studies have increasingly recognised the importance of understanding how and under what conditions different types of top management team (TMT) diversity impact organisations. While there are no qualitative differences between studying TMT diversity faultlines and work group faultlines, the importance of TMTs to the performance of organisations as a whole is one of the reasons to examine TMT diversity faultlines in particular (Knippenberg et al., 2010).

In TMT studies, faultlines are defined as the alignment of senior managers' experiential characteristics that split the top management team into homogeneous subgroups of knowledge and expertise (Bezrukova et al., 2009). TMT composition

research defines TMT demographic diversity research based on TMT members' age, sex, age, tenure, education background and functional background (Finkelstein, Hambrick and Cannella, 2009; Knippenberg et al., 2010). The initial research was conducted by Li and Hambrick (2005), who provide elementary findings relating to joint venture management groups. They propose that the size of demographic faultlines is influential. In detail, large demographic faultlines between factions will endanger task conflicts and relationship conflicts, which will result in behavioural disintegration—thus leading to poor team performance.

Diversity in the functional background of TMTs has been studied extensively. Alignments based on task-related attributes, such as functional background, can be regarded as informational faultlines (Cooper, Patel and Thatcher, 2014) or separation-based faultlines (Carton and Cummings, 2012, 2013). In the different types of subgroups, knowledge-based faultlines are relevant for TMTs, as these represent the informational clusters that 'form according to [the] specialised knowledge' of team members (Carton and Cummings, 2012, p.447) and influences how senior managers make strategic decisions that have an impact on firm performance (Hutzschenreuter and Horstkotte, 2013; Ndofor, Sirmon and He, 2015). Although past literature has acknowledged the fundamental impact of functional diversity on TMTs' group performance, the question of whether the impact is positive or negative still needs further examination.

Based on social-categorisation theory, Van Knippenberg et al. (2010) establish a link between TMT faultlines and organisational performance. They propose that a combination of different demographic attributes, such as tenure, age, gender, educational background and functional background, may negatively affect organisational performance. Hutzschenruter and Horstkotte (2013) explore how faultlines in TMTs affect firms' growth strategy and finally affect firm performance. In their findings, TMTs' task-related faultlines promote product diversity and expansion, thus increasing organisational performance. In contrast, bio-demographic faultlines hinder product expansion and innovation procedures, thus having a negative effect on organisational performance.

The findings of Xie, Wang and Qi. (2015) also demonstrate that TMT faultline strengths affect a firm's short-term performance positively when there are many subgroups and senior managers manage to strike a balance within TMTs. In addition, TMT faultline strengths affect a firm's innovation activities positively when there are many subgroups and senior managers fail to strike a balance within TMTs. Ndofor, Sirmon and He (2015) argue that TMT heterogeneity positively affects the resource-action link, but that it negatively affects the action-performance link. In addition, heterogeneity may result in strong faultlines that offset all positive effects.

In terms of the moderation impact on the relationship between faultlines, TMTs and firm performance, Cooper, Petel and Thatcher (2014) examine the mediating impact of three task-related aspects of the external environment, including dynamism, complexity and munificence. Their findings indicate that the environmental context moderates the faultline-performance link. Taking behavioural interactions into consideration, Georgakakis, Greve and Ruigrok (2017) highlight the CEO-TMT interface as a critical mechanism that influences the performance implications of knowledge-based TMT subgroups. They find that the leader of the TMT changes the performance impacts of knowledge-based TMT faultlines under three conditions: (1) when they socio-demographically resemble the incumbent executives, (2) have a diverse career history, and (3) have shared social contact with other senior managers.

Using a multilevel perspective on faultlines, some studies explore organisational-level faultlines. Instead of examining how demographic faultlines in TMTs affect group behaviour and TMT performance, the research focus has been re-oriented to examine the influences of TMT faultlines on other levels in organisations. Using multilevel theory, which explains how the attributes of individuals, groups and organisations on one level can affect other levels (Kozlowski and Klein, 2000), Bezrukova and Spell (2016) argue that the effects of group-level faultlines and organisational-level faultlines are significantly different. For example, when analysing how the demographic diversity of TMTs affects other diversity attributes, Ou et al. (2017) integrate the micro-level TMT members' humility and turnover with macro-level TMT faultlines. Their findings indicate that the loyalty-enhancing influence of leader

humility and job satisfaction do not always hold when TMT faultlines exist. They also argue that faultlines within TMTs have a moderating effect on the retention of middle managers.

Some TMT researchers analyse TMTs in other forms of organisations. Minichilli, Corbetta and Macmillan (2010) examine TMT faultlines in family-controlled companies. They find that while family CEOs have a positive influence on organisational performance, the coexistence of factions in family and non-family managers within TMTs may cause faultlines, thus having a negative effect on organisational outcomes.

4.6 Linkage Between Diversity, Intragroup Conflicts and Faultlines

Diversity research has traditionally examined the single diversity attributes of team members, such as the surface level (i.e., demographic and functional background) and the deep level (i.e., personality, attitudes, beliefs and culture). In other words, diversity scholars have studied the dispersion of individual team members along one characteristic independently from others. Later, faultlines were introduced to examine diversity with regard to multiple characteristics and their interactions within a team (Lau and Murnighan, 1998, 2005).

Individuals with different work experience or educational experience may approach problems from different perspectives and are often trained to identify and solve problems using methods aligned with their functional or disciplinary background (Bantel and Jackson, 1989; Pelled, 1996). For example, team members with engineering, finance or marketing backgrounds are more likely to identify and agree with each other. As a result of their professional training and experience, people with these educational backgrounds may judge reality in a specific way (Bell et al., 2011; Lovelace, Shapiro and Weingart, 2001). Their perceptions of similar values and behaviours, which are based on their expertise and functional background, may cause the formation of subgroups based along functional diversity lines.

Therefore, increasing functional diversity undermines team cohesion by triggering subgroups within teams. The effect of functional diversity on team cohesion will be initially negative as the level of diversity increases (Tekleab et al., 2016). However, subgroup formation based on functional diversity may occur less frequently after team members have worked together for a longer period of time. Their in-group biases will be minimised and few commonalities may exist among team members (Earley and Mosakowski, 2000). Thus, individuals may respect diversity differences within teams and the team may function cohesively once again (Lau and Murnighan, 1998; Gibson and Vermeulen, 2003).

Many studies find that intragroup conflicts, such as task, relationship and process conflicts, have a positive and significant relationship with faultlines (Thatcher, Jehn and Zanutto, 2003; Li and Hambrick, 2005; Polzer et al., 2006; Bezrukova et al., 2007; Pearsall, Ellis and Evans, 2008; Greer, Jehn and Mannix, 2008; Zanutto, Bezrukova and Jehn, 2011). In other words, teams with high levels of intragroup conflicts tend to suffer faultlines thereafter. DeChurch, Mesmer-Magnus and Doty (2013) theorise that these team conflicts are stable for a long time. Thus, O'Neill and Mclarnon (2018) argue that it is unlikely that teams can rapidly react to conflicts and that changes may be smaller, rather than large and dramatic. Interventions, threats and changing environmental contexts, as well as team design adjustments, may lead to small but predictable changes in team conflicts.

Studies using the similarity-attraction paradigm and coalition theory argue that individuals tend to form coalitions within teams when they have many similarities in terms of their demographic characteristics, values, behaviours and cultural backgrounds. The perception of homogeneity drives individuals to interact with people who share similar characteristics. The similarity ties in this kind of coalition are likely to result in fewer conflicts within subgroups (Thatcher, Jehn and Zanutto, 2003). However, coalitions may increase the prevalence of perceptions of in-groups and out-groups, which result in more conflicts between or across subgroups (Hogg, Turner and Davidson, 1990).

Lau and Murnighan (1998) were the first to conceptualise that demographic faultlines may result in interpersonal conflicts (i.e., relationship conflicts) when team members break into subgroups. In diversity studies, teams with more diversity differences among members may suffer more relationship conflicts than homogeneous groups (Jehn et al., 1997). These interpersonal conflicts are triggered by interpersonal biases and prejudices, that result from the demographic differences between, and negative stereotypes of, out-group members (Abrams et al., 1990). For example, a team with half White, male managers and half Black, female managers may suffer faultlines and interpersonal conflicts.

To test the effects of diversity faultlines on conflict experiences and group performance, Thatcher, Jehn and Zanutto (2003) argue that all three conflict types (task conflict, relationship conflict and process conflict) are highly correlated and these three types of conflicts may undermine group morale and harm group performance. Their findings indicate that groups that have stronger faultlines may suffer fewer relationship and process conflicts than groups with weak faultlines. Interestingly, groups with stronger faultlines may not have more task conflicts. Their findings are inconsistent with the previous studies; for example, Lau and Murnighan (1998). The reasons for this may be that immediate subgroups create a supportive environment that allows team members to have fewer perceptions of conflicts.

4.7 The Need for Researching Faultlines

The recent focus on group behaviour and the differences between group members has led to the concepts of subgroups and faultlines being established in conflict management research. Until now, subgroups or faultline issues have remained largely unexamined by scholars (Thatcher and Petal, 2012). Most faultline studies are interested in understanding the composition of faultlines and they focus on the demographic attributes of team members. Recent studies have shown an increasing interest in analysing the complex mix of attributes that generate faultlines. Other studies have attempted to analyse the context of teams and organisations by exploring group characteristics—such as group size and the number of subgroups; group-level

moderators, such as openness to experience and the salience of subgroup differences; and organisational culture and national culture—in order to examine the faultline-performance outcomes relationship.

As is the case in many new research areas, the findings of faultline studies are not consistent, and many empirical studies have neglected to examine several aspects of faultlines that are critical to understanding the link between faultlines and group performance; for example, faultline activation and evolution. There is an insufficient understanding of the micro aspects of subgroup formation by which to explain how individuals align themselves to form rivals in a team, and the reason why individuals try to formulate faultlines is still underdeveloped. This area of interest is called faultline triggers. Only a few studies have provided limited general categories of triggers (Barkema and Shvyrkov, 2007; Homan et al., 2008; Van Knippenberg et al., 2010; Simsek, Heavey and Fox, 2018), and more research is needed. Since previous studies provide limited categories of faultline triggers, this thesis explores a typology of faultline triggers to explain why individuals polarise in a team. The first research question is ‘How do existing conflicts transform into faultlines in TMTs?’. It focuses on *conflict transformation*, which is regarded as one of the triggers in this study. The second research question is ‘What organisational characteristics and events will activate faultlines that cause senior managers to polarise in TMTs?’. By answering this question, this study will present *a typology of faultline triggers*.

This study introduces an integrating framework of teams’ early and late conflict states, faultline types and conflict transitions in the overall conflict management process. Up to now, most work on faultlines has focused on how demographic faultlines affect group processes and outcomes. Little research has investigated faultline interactions via a process perspective. By using a process perspective and examining the CEO-TMT interface, the third research question can be answered. It asks ‘What are the interactive effects of pre-emptive (early stage) and reactive (late stage) approaches taken by Top Management Teams and CEOs in the conflict management process?’. This question further addresses *management approaches* and the *management process* by exploring how TMTs, as a group, and CEOs, as individuals, prevent conflicts from

emerging and how they deal with these conflicts.

4.8 Conclusions

This chapter presents the current studies of faultlines. As a multi-level of group construct, faultlines are very important in studies of group behaviour and group dynamics. Much progress has been made in exploring faultline composition and faultline triggers, which provide a theoretical foundation for faultline measurement and the faultline-performance relationship. Previous studies have also examined the impacts of group faultlines on intragroup conflicts, group performance and group process. Limited studies have explored the impacts of group faultlines on other levels of organisations, such as individual, other group level and organisational-level performance. Studies focused on the moderators of the faultline-performance relationship are few. The next chapter will present the methodology and research method used in this study.

Chapter 5. Methodology

The review of the literature has presented the research framework and formulated research questions. In order to research how Top Management Teams react to group conflicts and faultlines, by focusing on the conflict management process, the aim of this chapter is to detail and justify the research methodology that is used and the rationale for using different research methods and approaches. The chapter will give an overview of the research methodology used in this study and identify which methodology is chosen as the most appropriate by which to examine conflict management.

This chapter is organised as follows: the first section examines the foundational concepts of methodology in the research context. Qualitative research methods are discussed in-depth and the rationale for adopting this method, rather than the quantitative research method, is analysed. The steps taken in order to select an appropriate method in accordance with the selected research paradigms are elaborated upon. The rationale behind the adoption of the chosen research strategy is discussed, followed by the presentation of the research design and the selection of the case study method. The data collection procedures and phases of data analysis are presented in detail. Finally, the limitations and ethical concerns associated with the methodology adopted in the research are discussed.

5.1 Research Methodology

Research methodology is considered as being comprised of the procedures and activities that are implemented while conducting research (Blaikie, 2010). It is crucial to understand the proposed research questions in the chosen research area by assessing the advantages and disadvantages of the available methodologies. The selection of an appropriate research methodology is based on two philosophies: the nature of the research questions (ontology) and the way in which knowledge is obtained about the research (epistemology). Thus, considerations such as a complex justification of the current research interests, the contributions to developing theories, the implications of practices and the issues related to obtaining data in reality are essential when selecting

the most appropriate research methodology (Blaikie, 2010). In the next section, two philosophies are discussed, followed by four research strategies and two fundamental research approaches. The use of multiple case studies as the primary method is illustrated, followed by a discussion of the phases and processes involved in the data analysis.

5.2 Two Philosophies: Ontology and Epistemology

Ontology deals with what exists and the fundamental nature of reality (Neuman, 2013). There are two basic positions in ontology: realism and idealism. Realism assumes that people directly experience a reality ‘out there’. According to Blaikie (2010), realism can be further divided into five assumptions; namely, shallow realism, conceptual realism, cautious realism, depth realism and subtle realism. In contrast, idealism assumes that people never have such an experience.

Ontological assumptions and commitments affect how research questions are formulated and how research is carried out (Bryman, 2016). In management research, if research questions are based on the assumption that organisations and cultures are objective social entities, then the ontological considerations are rooted in idealism. In contrast, mainstream conflict management research is conducted in real organisations, and it is assumed that people are actively involved in the process. The realist ontological stance of this research, which examines the behaviours and measures involved in managing conflicts, stresses the fact that organisations and people are not objective categories.

Epistemology is concerned with how people get to know the world by producing new knowledge (Neuman, 2013). Traditionally, epistemology is divided into four research paradigms: interpretivism, critical realism, positivism and post-positivism (Willis, Jost and Nilakanta, 2007; Bryman, 2016). Interpretivism and critical realism are examples of qualitative approaches, whereas positivism is regarded as a quantitative approach. Post-positivism is an influential methodology in both qualitative and quantitative methods. Table 5.1 provides an overview of the four different research paradigms.

Table 5.1 Four Epistemological Research Paradigms

Types	Concept
Positivism or empiricism	An epistemological position that advocates the application of methods from the natural sciences to the study of social reality and beyond.
Post-positivism	An epistemological position that tests hypotheses and propositions derived from theory and then empirically tests these against observations.
Interpretivism	An epistemological position that requires the social scientist to grasp the subjective meaning of social action.
Critical realism	A realist epistemology that asserts that the study of the social world should be concerned with the identification of structures that generate the world.

Source: Willis, Jost and Nilakanta, 2007, Ritchie et al., 2013, Bryman 2016.

Blaikie (2010) identified additional paradigms and classified research paradigms as either ‘classical research paradigms’ or ‘contemporary research paradigms’, which are shown in Table 5.2. The four classical research paradigms—including positivism, critical rationalism, classical hermeneutics and interpretivism—are part of the early stage of research philosophy when applying the methods of natural sciences in social sciences. The six contemporary research paradigms, which deny positivism and critical rationalism, are based on classical hermeneutics and interpretivism to some extent. These contemporary research paradigms are critical theory, ethnomethodology, critical realism, contemporary hermeneutics, structuration theory and feminism.

A deeper engagement with the philosophical and theoretical foundations of diversity and conflict management research is fundamentally important in generating comprehensive findings that can offer new insights and ways of theorising in the conflict management field. TMTs and CEOs must deal with some technical issues, such as how to communicate with team members effectively and how to resolve conflicts. Thus, using positivist theory is appropriate in order to understand behavioural integrations in a complex social context. Thatcher and Patel (2012) suggest that future faultline studies can use variable methods and interdisciplinary theories in order to build an integrated theoretical framework. To facilitate a more critical interpretation of TMTs’ conflict management practices, this study examines the group interactions that activate conflicts using a post-positivist research paradigm.

Table 5.2 Classical Research Paradigms and Contemporary Research Paradigms

	Types	Views
Classical Research Paradigms	Positivism	Reality is consisting of discrete events that can be observed by human sense.
	Critical Rationalism	Rejecting sensory experience as a secure foundation for scientific theories. Thus, 'pure' observation is impossible.
	Critical Hermeneutics	Discovering the meaning of ancient texts and then develop them into positions.
	Interpretivism	Social reality is the product of its inhabitants.
Contemporary Research Paradigms	Critical Theory	Since the subject matters of the natural and social sciences are fundamentally different, the use of a common logic of enquiry should be rejected.
	Ethnomethodology	The rationale of the study of the way ordinary members of society achieve and maintain a sense of order in their everyday practical activities.
	Critical Realism	Reflecting what scientists do.
	Contemporary Hermeneutics	Stressing on languages and dialogue.
	Structuration Theory	Social actors are engaged in both producing and reproducing their social world.
	Feminism	Research questions and theories and methodologies provide an understanding of natural and social life and omit women's experiences.

Source: Blaikie, 2010.

5.3 Research Strategies

There are two main methods of reasoning that can generalise conclusions: inductive research and deductive research. The deductive, objective approach of positivism is focused mainly on developing hypotheses derived from the research in order to test them (Saunders, Lewis and Thornhill, 2009). The generalised conclusion generated will reveal causal relationships between variables. In contrast, the inductive, constructive approach of interpretivism is focused on developing theories derived from reality. Figure 5.1 illustrates the key differences between a deductive and inductive approach to research and their main emphasis.

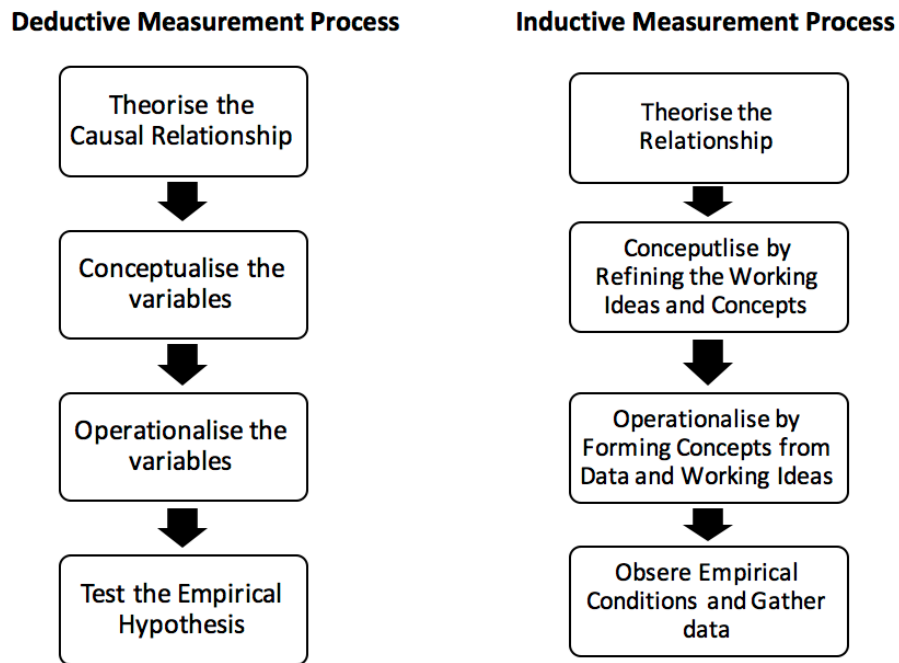


Figure 5.1 The Differences Between the Deductive and Inductive Process

Source: Neuman, 2013, p.210-211.

Later, Blaikie (2010) proposed four fundamentally different research strategies, which have their own unique logic of enquiry and combination of ontology and epistemology (see Table 5.3) These four research strategies are: inductive, deductive, abductive and retroductive strategies. The deductive and inductive strategies have been discussed earlier in this thesis. The retroductive research strategy aims to discover the underlying mechanism in order to explain observed regularities in specific contexts, while the abductive research strategy incorporates what inductive and deductive research strategies are missing; namely, ‘the meaning and interpretations and the motives and intentions’ (p. 89).

Table 5.3 Logic of the Four Research Strategies

	Inductive	Deductive	Retroductive	Abductive
Aim	To establish a description of characteristics and patterns.	To test theories, to eliminate false ones and corroborate the surviving theory.	To discover underlying mechanisms in order to explain observed regularities.	To describe and understand social life in terms of social actors' meanings and motives.
Ontology	Cautious, depth or subtle realism	Cautious or subtle realism	Depth or subtle realism	Idealist or subtle realism
Epistemology	Conventionalism	Falsificationism Conventionalism	Neo-realism	Constructionism
Start	Collect data on characteristics and/or patterns. Produce descriptions.	Identify a regularity that needs to be explained. Construct a theory and deduce hypotheses.	Document and model a regularity. Describe the context and possible mechanisms.	Discover everyday lay concepts, meanings and motives. Produce a technical account from lay accounts.
Finish	Relate these to the research questions.	Test hypotheses by matching them with data explanation.	Establish which mechanisms provide the best explanation in that context.	Develop theory and elaborate it iteratively.
RQ answers	Answer 'what' questions	Answer 'why' questions	Answer 'why' questions	Answer 'what' and 'why' questions

Source: Blaikie, 2010, p. 84.

5.4 Qualitative and Quantitative Research Approaches

There are two research approaches in general: the qualitative and quantitative methods. In management studies, adopting an appropriate method by which to answer research questions is one of the main challenges that researchers face. In addition, the choice of a specific method is always subject to a realistic environment, such as current trends in the research subject, data access and the difficulty of conducting data analysis in the time available. The two orientations of research philosophies in management research, which can be either qualitative (interpretivist) or quantitative (positivist), need to be thoroughly considered because the two research approaches have different philosophical epistemic and ontological bases. Qualitative research is described as being inductivist, constructionist and interpretivist. Quantitative research, on the other hand, is often called deductivist, objectivist and positivist (Bryman, 2016).

The quantitative research method is usually questionnaire-based, which typically

involves large sample sizes, whereas the qualitative research method is mostly interview-based or centred around case studies. The differences in emphasis between the quantitative versus qualitative methods and their research philosophies are illustrated in Table 5.4.

Table 5.4 The Differences Between the Quantitative and Qualitative Methods

Focus	Quantitative	Qualitative
Principal orientation to the role of theory	Deductive testing of theory	Inductive generation of theory
Ontological orientation	Objectivism	Constructionism
Epistemological orientation	Positivism	Interpretivism

Source: Bryman, 2016, p, 32.

5.5 Qualitative Research in this Study

Having discussed the alternative possible research approaches and philosophies, this section illustrates why a qualitative method is chosen and details the research approaches used in this research. Blaikie (2010) proposed five different aspects of qualitative methods: (1) methods, which cover the techniques of data collection and analysis; (2) data, which are produced by the people involved; (3) research, in which various methods are used; (4) researchers, who conduct the research, and (5) research paradigms, which adopt ontological and epistemological assumptions.

Qualitative methods are concerned with producing in-depth descriptions and exploring the social participants' meanings and interpretations. In qualitative studies, data collection is time consuming when compared to quantitative methods (Blaikie, 2010). However, qualitative data are detailed, rich and complex and provide an in-depth understanding of social life (Ritchie et al., 2013). Table 5.5 presents the methods of qualitative data collection.

Once the data collection is finished, the raw data needs to be manipulated for further analysis through the use of data reduction techniques (Blaikie, 2010). The conventional techniques used in qualitative studies are coding, which includes open

and axial coding, developing themes and typology construction with the help of qualitative software, such as Nvivo. The analysis in qualitative studies respects the diversity and uniqueness of the participants. In addition, the data analysis starts at the same time as the coding. Some emergent states will emerge during the coding, analysis and interpretation stage (Ritchie et al., 2013).

Table 5.5 Qualitative Data Collection Types: Advantages and Disadvantages

Type	Advantages	Disadvantages
Interviews	<ul style="list-style-type: none"> • Researchers can control the line of questioning. • Useful when participants cannot be observed directly. • Can get additional historical information. 	<ul style="list-style-type: none"> • Information is filtered by interviewees' views. • Researcher's presence may cause a biased response. • Not all interviewees are articulate and perceptive. • A designated place is used instead of a natural field setting.
Observations	<ul style="list-style-type: none"> • Get first-hand experience of participants. • Get unusual findings. • Explore topics that may be unsuitable for participants to discuss. • Some information can be recorded. 	<ul style="list-style-type: none"> • Researcher may be seen as intrusive. • Some private observed information cannot be reported. • Specific participants may present particular problems. • Limited observational skills.
Documents	<ul style="list-style-type: none"> • Get a text version of participants' views. • Can be accessed at any time. • Represent data provided by participants. 	<ul style="list-style-type: none"> • Information maybe in hard-to-find places. • Documents require transcribing or scanning. • Documents may contain incomplete materials. • Documents may record authentic or inaccurate information.
Audio-visual materials	<ul style="list-style-type: none"> • An unobtrusive and creative method of data collection. • Participants can directly share their reality. 	<ul style="list-style-type: none"> • Difficult to interpret. • May not be accessible to the public or may be private. • The presence of an observer may be disruptive.

Source: Creswell, 2014, p. 191-192.

In the current conflict management literature, the quantitative method is dominant. Table 5.6 summaries the influential publications that have used qualitative methods. Although the table does not include all the qualitative papers in the conflicts field, a few qualitative papers have been published in high-ranking journals in the last ten years. The table shows that there is an urgent need for qualitative research in the conflict management field.

Table 5.6 Qualitative Studies in Conflict Management Research

Paper	Content	Methods
Jehn (1997)	Aims: To examine different types of conflicts in organisational work teams.	Interviews (27 senior managers and 19 managers and line supervisors) On-site observations
Lau and Murnighan (1998)	Aims: To examine the different patterns of group characteristics, which are regarded as the important determinant of subgroup conflict. Findings: Introduced the concept of faultlines. Group faultlines represent potential for the formation of subgroups and the acceleration of subgroups in a team.	Scenarios (8 hypothetical groups with 4 people in each group)
Dyck and Starke (1999)	Aims: To examine the processes that lead to the formation of breakaway organisations. Findings: Group exit occurred in six stages and there were five trigger events: the introduction of conflicting ideas, the legitimisation of them, alarm, the polarisation of views and justification. These will move the participants through the group exist process.	Study 1: Interviews (90 interviews involving 150 participants in 11 organisations) Study 2: Interviews (in 3 organisations)
Behfar et al. (2008)	Aims: To examine the links between strategies for managing different types of conflict, group performance and satisfaction. Findings: Three conflict resolutions are explored by which to improve or maintain group performance.	Mixed method: Interviews and surveys (252 MBA students)
Chrobot-Mason et al. (2009)	Aims: To examine precipitating events (triggers) that activate a faultline. Findings: Built a typology of five types of triggers; namely, differential treatment, different values, assimilation, insult or humiliating action, and simple contact.	Study 1: Interviews (50 individuals located in 11 different countries: South Africa, the US, Israel, Saudi Arabia, Singapore, Zimbabwe, Mozambique, Zambia, Bali, Germany and the UK) Study 2: Semi-structured interviews (137 people from 13 different organisations located in nine countries)

Source: Author.

5.6 Case Study Design

A case study is a ‘research strategy which focuses on understanding the dynamics present within single settings’ (Eisenhardt, 1989, p. 534). According to Yin’s study

(2014), a case study design should be considered when (a) the focus of the study is to answer ‘how’ and ‘why’ questions; (b) researchers cannot manipulate the behaviour of those involved in the study; and (c) contextual conditions need to be considered; in other words, when the research examines contemporary events instead of historical issues.

The selection of a specific type of case study design is based on the research aims and questions. Case study research includes both single-case and multiple-case studies (Yin, 2014). The case study method is used to achieve three main research aims: to provide a description, test theory and generate theory (Eisenhardt, 1989). Yin (2014) categorised case studies as being explanatory, exploratory or descriptive. In contrast, Stake (1995) described case studies as being intrinsic, instrumental or collective. Definitions and examples of the different types of case study are shown in Table 5.7.

Table 5.7 Definitions and Purpose of Different Types of Case Studies

Case Study Type	Purpose
Explanatory	To explain how or why some condition came to be.
Exploratory	To identify the research questions or procedures to be used in a subsequent research study.
Descriptive	To describe a phenomenon in its real-world context.
Multiple-case studies	To explore differences within and between cases. To replicate findings across cases.
Intrinsic	To better understand the case with a genuine interest.
Instrumental	To accomplish something other than understanding a particular situation.
Collective	Similar to multiple cases.

Source: Yin (2014), Stake (1995).

The four criteria for judging the quality of research designs are: construct validity, internal validity, external validity and reliability (Eisenhardt, 1989; Yin, 1994; Yin,

2013). In the management and strategy research field, this framework is used to assess the rigour of a large group of case studies (Gibbert, Ruigrok and Wicki, 2008). With reliability, the results are consistent and repeatable when multiple studies are conducted (Bryman and Bell, 2014). Replication refers to the ability to apply the same research framework to an alternative context (Bryman and Bell, 2014). Lastly, validity refers to the ability to prevent overly generalised results by utilising useful, believable, honest and persuasive stories (Bryman and Bell, 2014). Table 5.8 provides an overview of the four criteria.

Table 5.8 Criteria for Judging Research Design

Internal Validity	Construct Validity	External Validity	Reliability
<ul style="list-style-type: none"> • Research framework explicitly derived from the literature. • Pattern matching. • Theory triangulation. 	<ul style="list-style-type: none"> • Data triangulation. <ul style="list-style-type: none"> - Archival data - Interview data - Participatory observation derived data - Direct observation derived data • Review of transcripts and drafts by peers. • Review of transcripts and drafts by key informants. • An indication of the circumstances of the data collection. • Check for circumstances of data collection vs. actual procedure. • Explanation of data analysis. 	<ul style="list-style-type: none"> • Cross-case analysis. <ul style="list-style-type: none"> - Multiple case studies - Nested approach • A rationale for case study selection. • Details of the case study context. 	<ul style="list-style-type: none"> • Case study protocol. • Case study database. • Organisation's actual name given.

Source: Bryman, 2016.

Following Blaikie (2010), this thesis's research design aims to be reliable, replicable and valid. Given the nature of this research, it follows that theories will be generated from case studies. To avoid single-source bias, the case material was gathered from multiple sources. This enables a longitudinal combination of the results for more reliable analysis. Figure 5.2 illustrates the core elements of this research design.

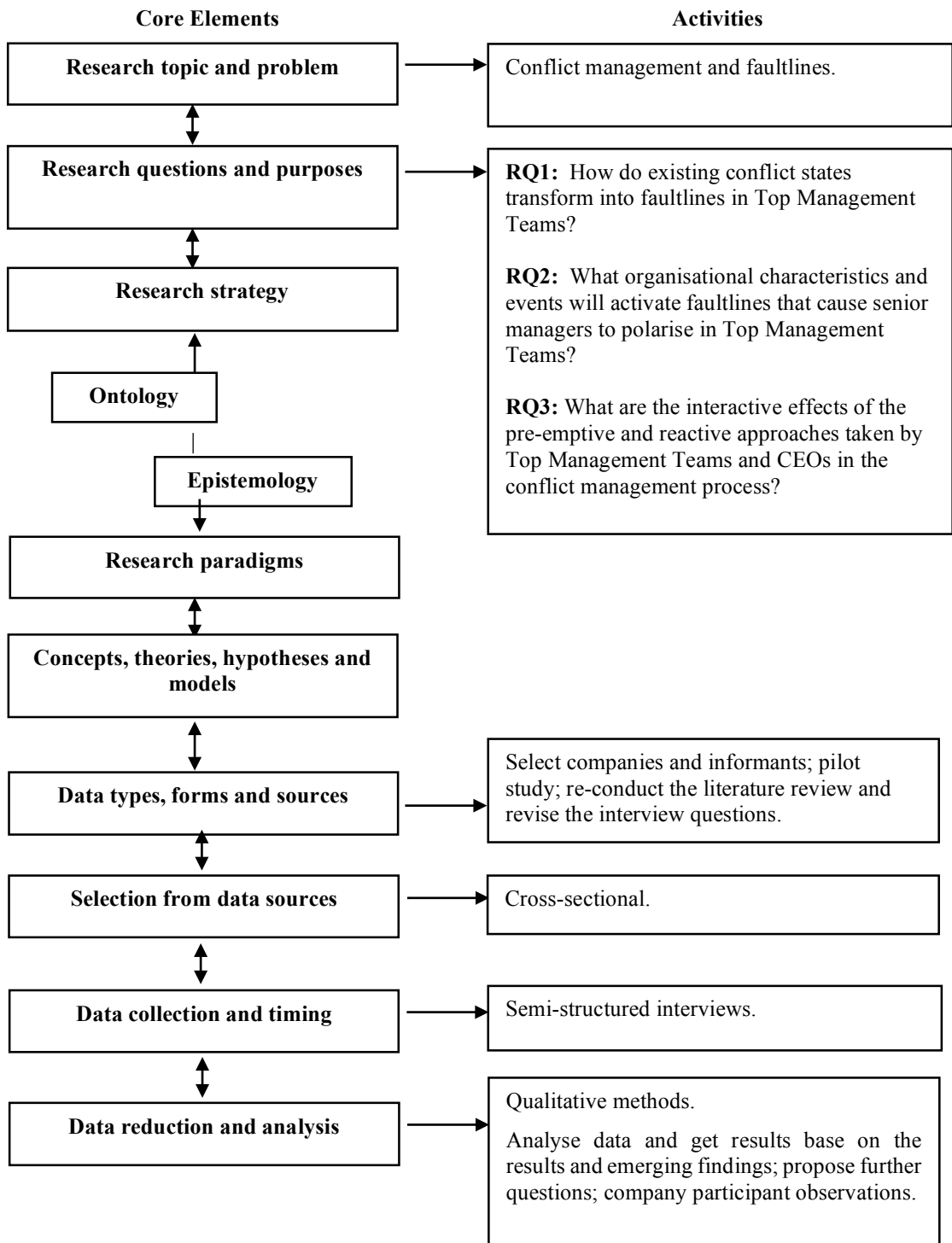


Figure 5.2 Core Elements of the Research Design

Source: Author.

5.7 Research Context and Case Selection

Driven by the nature of the research questions, this research adopted a multiple case study approach for analytical generalisation, thus enhancing the external validity of its theoretical paradigms (Yin, 1994; Eisenhardt and Graebner, 2007; Gibbert, Ruigrok and Wicki, 2008). Fifteen companies were compared to investigate various conflicts within Top Management Teams and their actions with respect to those issues. The empirical context of the study is high-technology firms and manufacturing firms in Northern China. The participants are CEOs or other senior managers who are directly involved in the decision-making process.

5.8 Data Collection

Case studies typically combine several data collection methods, such as interviews, questionnaires, archives and observations (Eisenhardt, 1989). The research has a two-step data collection procedure: in study 1, semi-structured interviews were conducted with CEOs and senior managers; in study 2, after specific contexts and emergent states were identified in the interviews, the observation of participants was conducted in two manufacturing companies.

5.8.1 Interviews

In order to capture multiple perspectives on managing group conflicts, the author conducted a total of 13 semi-structured interviews with CEOs and other top managers who may be involved in the decision-making process. The interviews varied in duration from 30 minutes to 2 hours. 11 out of 13 were recorded. Two companies did not accept recording; thus, only interview notes are available.

During the interviews, the author aimed at exploring informants' views about their experience of group disagreements and their practices in managing those conflicts. Each interview consisted of four parts: (1) the background of the firm; (2) their experiences of group conflicts in group decisions; (3) their approaches and the CEOs' attitudes towards those issues; and (4) open-ended questions that focused on group

interactions. Informal chats afterwards also helped. Access to the firm was negotiated in 2016 and non-disclosure agreements were signed to guarantee the companies' anonymity in all research publications. Guided by the theoretical background, the interview questions were designed in English, translated into a Chinese version and then translated back into English.

5.8.2 Direct Observation and Participant Observation

Direct observations can range from formal to casual data collection activities, which involve observations of meetings, sidewalk activities, factory work, classrooms, and the like. Less formally, direct observations might be made throughout the fieldwork, including during the course of interviews.

During the first-round interviews, the author was invited to visit the office and have a look at the condition of the immediate environment of the workplace, and they had other opportunities to talk to other senior members and other staff.

The second-round data collection started with field visits to two companies. The informal chats with the Top Management Teams, along with observations, helped the author better understand how senior managers actually interact with others in companies' operations. Observing senior managers' behaviour while they engaged in their daily routines increased the objectivity of this research. Field notes were taken during the observation, and recordings were not permitted during the participant observations. Due to the fact that conflicts, especially interpersonal conflicts, are extremely difficult to observe and highly sensitive, the data is mainly based on past conflicts that occurred in the companies and the perceptions and hearsay of participants gathered through informal chats. Table 5.9 presents information about the sixteen companies.

Table 5.9 Information about the Participated Companies

First-Round Data Collection: Semi-structured Interviews	
No.	Industry
1	Manufacturing
2	Sales and retail
3	Energy
4	Information technology
5	Information technology
6	Finance
7	Finance
8	Information technology
9	Accounting and finance
10	Sales and retail
11	Manufacturing
12	Environment and agriculture
13	Sales and retail
Second-Round Data Collection: Participant Observation	
14	Manufacturing
15	Manufacturing

Source: Author.

5.9 Data Analysis: Six Phases

The analysis was structured following established procedures for inductive, theory building research (Gioia, Corley and Hamilton, 2013). All of the interviews and informal chats were conducted in Chinese. However, the accuracy of the language used, in terms of expression, may be reduced as a result of it being translated from Chinese to English. In addition, participants from different regions use different phrasings of Mandarin. To diminish the influence of linguistic variation, situational factors and regional culture, etc., the interview transcripts, in Chinese, were used for Nvivo analysis and coding. Raw data were compiled and loaded into NVivo 11. A search was conducted for the expected constructs based on the literature review and research questions. The analysis also involved exploring the emergence of new themes and patterns of practices used to manage various conflicts, thus combining theory elaboration and theory generation. Several theoretical constructs were formed from the emerging patterns in the initial analysis. Then the author refined them by coding the interview data to compare and verify those theoretical constructs. There are five primary steps in the first-round data analysis phase by which to explore emerging constructs. These five steps are to explore initial constructs, delineate first-order codes, delineate second-order codes, aggregate theoretical dimensions and, finally, integrate

theory, data and the findings to generate the theoretical framework. Table 5.10 summarises the stages of the analysis process.

Table 5.10 Detailed Stage of the Analytical Process

Study	Stage	Activities	Results
Stage 1 Interviews and Focus Group	1. Compile thick descriptions.	1. Go through interview transcripts and notes. 2. Generate thick descriptions.	Gain initial insights (types of conflicts, patterns of practices, the CEO's roles).
	2. Identify various conflicts in each case.	1. Code conflicts in Nvivo 11. 2. Cluster and incorporate literature to investigate different types of issues. 3. Return to raw data to confirm all instances of conflicts. 4. Code data to explore different faultlines.	Two types of conflicts across all cases. Three different types of faultlines.
	3. Identify different patterns of managerial practices and the CEO's role: (1) Code data separately to elicit group practices and CEO's effect on pre-emptive approaches. (2) Code data separately to elicit group practices and CEO's effect on reactive approaches. (3) Code data to explore the effects of two approaches on TMT effectiveness.	1. Code data to classify group actions into two types of conflicts. 2. Refine codes and group similar actions. 3. Cluster codes into meaningful groups. 4. Code data to identify how TMTs and CEOs manage faultlines. 5. Revisit the group practices dimension to explore the similar and dissimilar actions taken by teams and individuals. 6. Incorporate data to generate different effects of the two approaches.	Identify some practices that can be used in managing task conflicts. Identify some approaches that can be used in managing relationship conflicts. Under several conditions, the pre-emptive approaches lead to the escalation of task conflicts and relationship conflicts. CEOs act in different roles in pre-emptive conflict management.
	4. Identify triggers that activate faultlines.	1. Code data to explore events that lead to dissatisfaction in TMTs.	Under several conditions, events lead to the escalation of task conflicts and relationship conflicts.
Stage 2 Participant Observation	Repeat the approaches in Stage 1.	1. Go through observation notes and generate thick descriptions. 2. Compare the differences between the two cases to explore the similarities and dissimilarities. 3. Explore different types of events that result in faultlines.	Further acknowledgment of the fact that the CEOs' leadership style is a significant aspect. Different leadership types can prevent/activate faultlines. Faultline triggers are found.

Source: Author.

Table 5.10 Detailed Stage of the Analytical Process (continued)

Study	Stage	Activities	Results
Stage 3 Analysis	5. Incorporate data to build a theoretical model.	1. Compare the results of Study One and Study Two. 2. Combine data on conflicts type, conflict action phase, conflict transition and CEOs' leadership practices to describe overall tensions and approaches. 3. Integrate relevant literature to build the conceptual model	Model of the dynamic conflict management process is created.

Source: Author.

5.9.1 Phase 1: Compile Thick Descriptions

Firstly, the author interpreted Top Management Team behaviour in a specific context. The author looked through the first-round interview transcripts and notes to explore conflicts that happened in relation to group decisions, managerial practices and the CEOs' leadership role. Several critical insights emerged from these initial summaries and they guided the further analysis. First, senior managers were found to be suffering from various conflicts that invoked tensions and clashes in the decision-making process. This insight led the author to primarily focus on different types of conflicts as a primary unit of analysis.

Second, it was found that Top Management Teams struggle to manage these conflicts. They described these issues as being complex, challenging and frustrating. The informants experienced conflicts as having 'a huge impact on group effectiveness'. TMT members or CEOs also implemented measures to prevent the reoccurrence of specific conflicts. Thus, the author paid attention to TMTs' different patterns of managerial practices in relation to handling conflicts. In addition, the managerial practices were categorised into two different timescales: the time spent managing task and relationship conflicts and the time spent managing faultlines.

Third, the CEO is regarded to be critical in the practices—as was mentioned by all the informants. Their attitudes towards group conflicts and the various approaches taken to deal with these issues may generate dramatically different outcomes. The author then explored the different roles taken by CEOs when they act in these group conflicts,

along with their personal impacts on these matters. Overall, the initial findings provided guidance on how to code interview data systematically and identify emerging theoretical constructs (Eisenhardt, 1989; Gioia, Corley and Hamilton, 2013).

5.9.2 Phase 2: Identify Different Types of Conflicts

The analysis aimed to identify initial categories regarding how senior managers describe their experiences in relation to group conflicts. The author did this by highlighting portions of text and assigning them to a first-order code. Several criteria were set to choose issues: (1) the conflicts are within the Top Management Team (not involving other levels of managers; (2) the centre of the conflicts may affect the firm's performance; and (3) conflicts must be solved by the Top Management Team. Then the author tried to find the issues that were raised consistently by the informants. In the process of creating codes, the author continued to refine the coding schemes. The author also compared the emerging themes to find similarities and differences between them. After finishing the first-order coding, the author revisited the data and then refined the codes and removed irrelevant statements. The author began grouping these codes and aggregating more abstract categories. The frequently appearing codes were chosen to be representative. Once the categories had been identified, the author considered whether they might be inter-related. Thematic grouping and incorporating existing literature resulted in different types of task conflicts, relationship conflicts and faultlines, as follows:

- (a) **Task conflict**, including disagreements about:
 - (1) products and market design;
 - (2) ambiguous role responsibility;
- (b) **Relationship conflict**, including issues around:
 - (1) contradictory interpersonal incompatibilities;
 - (2) relatives and friendship;
- (c) **Factional faultline conflict**, including issues around:
 - (1) the pursuit of different interests;
 - (2) interpersonal incompatibility related to relationships;
 - (3) seniority and member changes.

5.9.3 Phase 3: Identify Different Patterns of Practices

After classifying various types of conflicts, the question emerged: how did senior managers respond to those conflicts? Firstly, the author identified the solutions implemented and actions taken by the informants. Their managerial practices towards three types of conflicts were coded. Vivo coding was used to describe critical actions. As the coding progressed, some potential themes emerged, and the author tried to group similar activities in order to construct second-order categories. Sometimes the informants described their approaches together with their CEO's own attitudes; the author only chose key passages that mentioned group actions at this stage. Then the author solidified the categories and removed irrelevant categories. This process resulted in three themes describing managerial practices in task conflicts, two themes describing managerial practices in relationship conflicts and one theme describing managerial practices in factional faultline conflicts. It seems that group members tend to manage task conflicts and relationship conflicts jointly. However, when Top Management Teams are suffering from factional faultline conflicts, senior managers will rely on the CEO to handle these tough issues. In other words, the CEO plays a critical role in managing factional faultline conflicts.

5.9.4 Phase 4: Identify the CEOs' Patterns of Practices

At this stage, the author tried to identify what roles CEOs play in group conflicts. To understand how CEOs' personal practices had developed differently, the author coded the data for CEOs' personal statements and other senior managers' comments. Using a similar coding process to the one already described, the author identified that the CEOs' attitudes and approaches in response to each type of conflict are many. The author returned to the data about group actions to compare their relevance. After grouping their personal activities, the author created second-order categories. Four types of roles that CEOs adopt when dealing with task conflict emerged. The author then generated three approaches used by CEOs to manage relationship conflict. In the study of factional faultline conflicts, the analysis clustered the leadership attitude practices into two dimensions: 'opposing' and 'permitting'. Four practices were discovered within this category.

5.9.5 Phase 5: Compare Two Observed Companies

After generalising the findings based on the interviews, the author participated in the daily operations of two companies in order to justify the existing findings and to generate more comprehensive findings. The two companies had two different types of management style: the first one was more democratic, while the second company was more autocratic—according to the perceptions of the TMT. Since the management styles were completely opposite to each other, the study aimed to ascertain whether the conflict types, the emerge of faultlines within TMTs, TMTs as a group and the CEOs' approaches towards different conflicts were related to the companies' characteristics and particular events.

5.9.6 Phase 6: Aggregate Theoretical Framework

During the final step of the analysis, the author raised the level of abstraction to aggregate theoretical dimensions. By linking various concepts and data, the author constructed a theoretical model of dynamic decision-making in the management of group conflicts. Figure 5.3, Figure 5.4 and Figure 5.5 show the data structure for developing theoretical inferences. There are nine main dimensions in the data, which serve as the constitutive elements of the model of conflict management. Figure 5.3 illustrates: (1) the conflict type; (2) faultline transitions; and (3) faultline triggers. Figure 5.4 illustrates the managerial practices implemented in the pre-emptive stage as: (1) TMTs' managerial practices in task conflicts; (2) TMTs' managerial practices in relationship conflicts; (3) CEOs' approaches to managing task conflicts; and (4) CEOs' approaches to managing relationship conflicts. Figure 5.5 illustrates the managerial practices implemented in the reactive stage as: (1) TMTs' managerial practices in factional faultline conflicts; and (2) CEOs' approaches to managing factional faultline conflicts. These nine theoretical dimensions serve as the basis for the subsequent theoretical development and formation of the theoretical model.

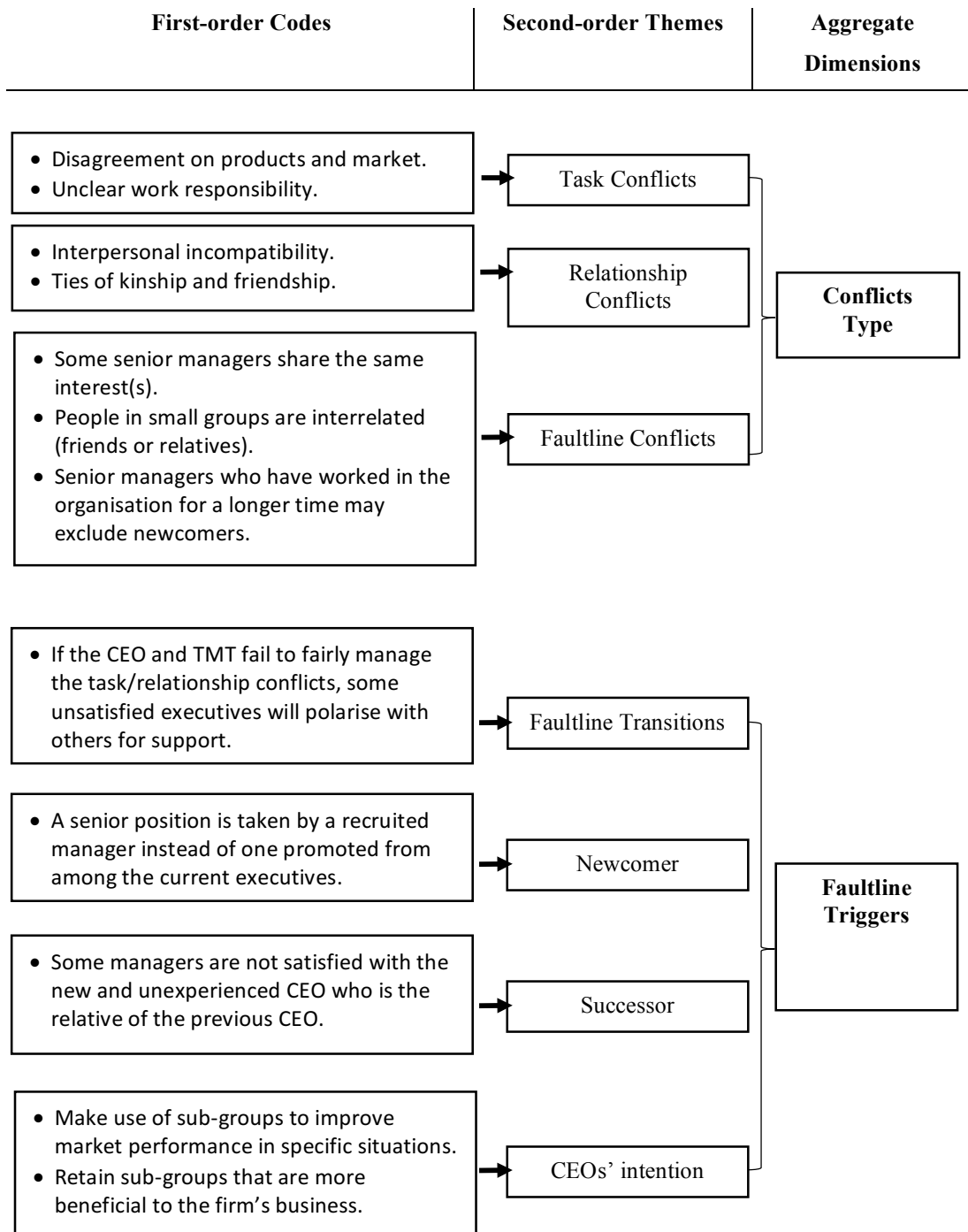


Figure 5.3 Data Structure for Faultline Transitions and Faultline Triggers

Source: Author.

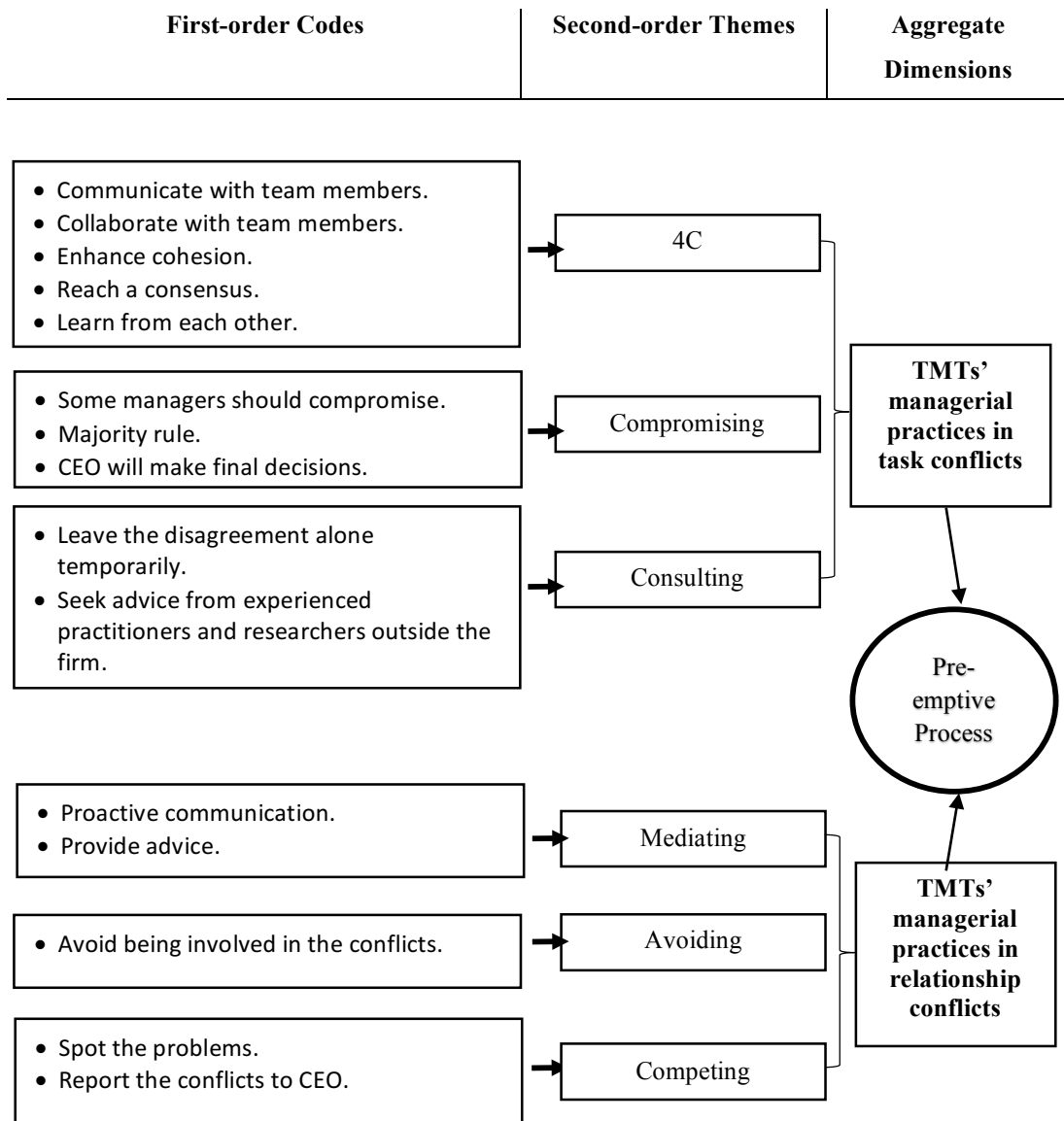


Figure 5.4 Data Structure for Pre-emptive Management Process

Source: Author.

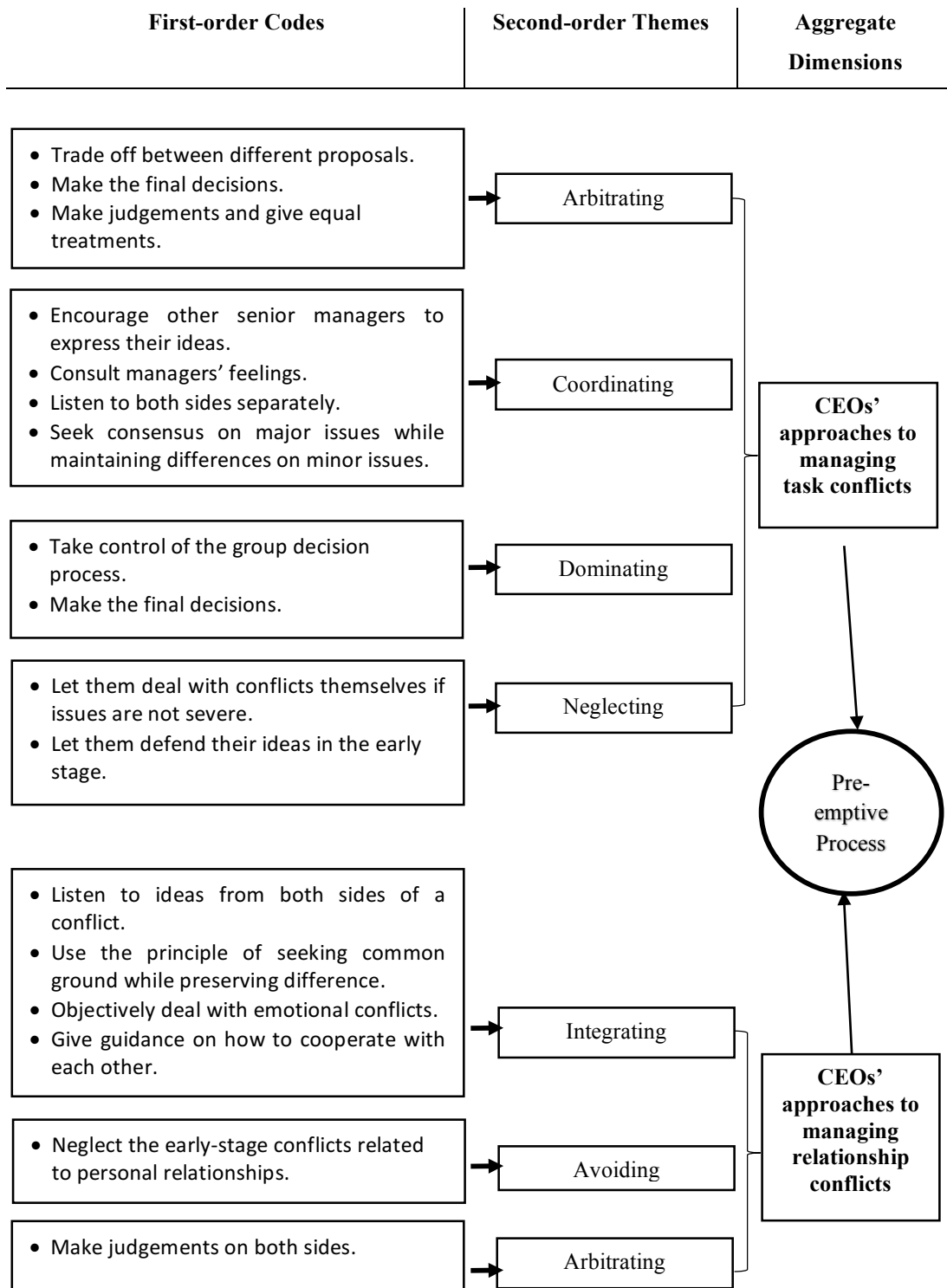


Figure 5.4 Data Structure for Pre-emptive Management Process (continued)

Source: Author.

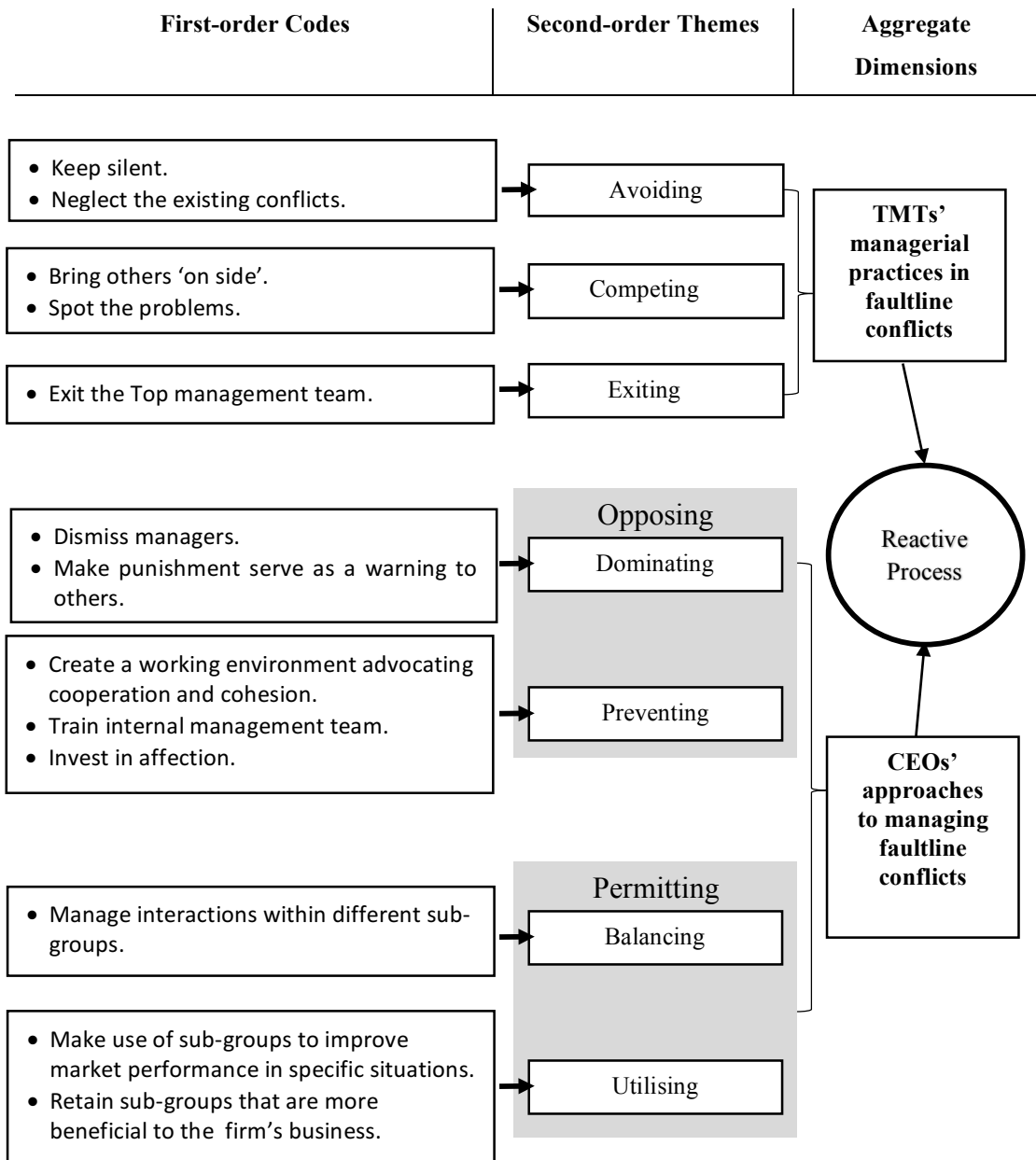


Figure 5.5 Data Structure for Reactive Management Process

Source: Author.

5.10 Limitations of the Qualitative Study

The Top Management Teams studied were in Chinese organisations in different regions. The interviewees may have a subjective bias in relation to their behaviour and relationships that cannot be avoided during the interviews. The observation of participants provides further in-depth information from a third party's point of view. However, conflicts within Top Management Teams, and especially faultlines, are

difficult for researchers to discover if the researchers are not reminded of the underlying faultlines during the data collection period. Thus, informal chats with different senior managers on faultlines may have preliminary effects during the observation procedure. Generalisation and theorising from case studies using qualitative methods is one of the main issues. Qualitative case studies may be insufficient when it comes to generalising the findings to the whole population in the research context and to another context as well; for example, different populations, organisations and countries. Since the scope of statistical generalisation is limited to the population selected, the generalisation issue cannot be avoided in qualitative methods, as well as in quantitative methods (Blaikie, 2010).

5.11 Research Ethics

Ethical issues apply to qualitative methods research and to all stages of research, including prior to conducting the study, starting the research, data collection and analysis and reporting the data (Creswell, 2014). Due to the sensitive and confidential nature of conflicts, especially faultlines, information—such as the names of the participants and organisations—was disclosed as required by the participants. Additionally, the results of the research may be forwarded to several participants because they expressed a great interest in seeing the findings during the interviews.

5.12 Conclusions

This chapter explains the research methodology used for this study with the aim of examining the conflict management process and group faultlines. The research paradigm's design and method, background, theoretical sampling process, data collection, data coding and analysis and source of data were presented. By reflecting on the research questions, the discussion in this chapter justifies why qualitative research with multiple case studies is most appropriate, given the research background and context. This study adopts the use of case studies of construction and finance industries in China by using semi-structured interviews in order to collect empirical data with CEOs as well as other senior managers.

Chapter 6. Findings—Faultline Transitions

The results in this chapter are related to the first research question, which explores conflict transition procedures in TMTs. The results are organised based on the proposed theoretical framework that focusses on *how group conflicts transform into faultlines*. Group conflicts (task conflicts and relationship conflicts) do exist in TMTs. The chapter will present how these two conflicts transform into faultlines. These findings are drawn from the previous theoretical framework outlined in Chapter 5.

6.1 Conflict States in Top Management Teams

Two types of conflicts are identified in the interview responses: task conflicts and relationship conflicts. During the interviews and observations, conflicts are found to be very common within Top Management Teams. However, seven of the participants admitted that conflicts sometimes happen “unconsciously” and that they do not take these conflicts seriously. These findings are contrary to the author’s previous assumption; namely, that team members react strongly to these conflicts by engaging in fierce debates and quarrels. In reality, the participating TMT members always deal with these two types of conflicts by taking a calm, mild approach—especially in task conflicts. The following sections will present the different types of task conflicts, relationship conflicts and faultlines found in the case studies.

6.1.1 Task Conflict

Task conflict is the tension between team members that results from real or perceived differences. When conflict is functional, it is often task focused. Examples of task conflicts are conflicts about resource distribution (some researchers call it ‘process conflict’), procedures, politics and the judgement and interpretation of current issues (Dreu and Weingart, 2003; Dreu, 2006). Task conflicts were found in all of the firms interviewed. The most common task conflict is disagreements over decisions. CEOs and other senior managers always have different opinions about how to make decisions and how to implement them. For example:

We always have conflicts regarding our business; for example, our products, the market and the direction of our future development. [Senior Manager, Company 1]

Everyone has his/her own opinion. It is quite common that we do not disagree with each other. [CEO, Company 8]

Since task conflicts are evitable in TMT group decisions, the way in which senior managers think about such conflicts is the main concern. If TMT members take task conflicts as granted and welcome the collision of thoughts, the task conflicts will contribute to better decision quality. Vignette 1, shown below, details a situation in which task conflicts emerge.

Vignette 1. Task conflicts regarding disagreement

Company 11 has a lot of industry chains business covering automotive quality management, hotels, real estate and other industries. There are five senior managers and the CEO. Their automotive quality management branch company is the market pioneer and has the majority of the market share. The senior managers, B and C, proposed an innovation in the production line so that the company can have exclusive control over the market in the area. However, the CEO and the remaining senior managers had a different attitude towards increasing investment in the new production line. They thought that because its market share is high enough, the company should invest its currently available capital into the real estate industry, which is more profitable in China. The CEO made the final decision about more investment in the real estate industry. For example:

Previously, other senior managers and I found a great investment opportunity in the automobile industry. We gave our proposals at the meetings. However, the CEOs and other colleagues did not go with us. They thought that it would be better to invest in real estate. Finally, we gave up and listened to what our CEO said.

Personally, I don't take the disagreement as a conflict, because there was no terrible fight between us. Just like [when] we proposed a proposal [and the] others did not agree. However, finally, it turned out that our proposal was right. Other companies who made investments in automobile quality control achieved great success.

Another conflict is provoked when responsibilities are not clear to team members. In this situation, senior managers may have different cognitions about the limits or boundaries of their tasks. However, this kind of task conflict is less common compared to disagreements around decisions, such as product development. It is clear that

everyone in the Top Management Team has his/her own responsibilities. However, TMTs may sometimes have to work in cooperation with other departments, or the decisions or performance of other departments may affect a senior manager's own department. In such a scenario, the two or more senior managers who are involved in this process may not have a clear understanding of what exactly their responsibilities are. In other words, cooperation within the Top Management Team is far from satisfactory. One of the informants mentioned:

There is always a problem that the team lacks coordination, let alone cooperation. Sometimes one senior manager helps his colleagues deal with problems; others will feel offended as they think he would like to show off his abilities or look down on their working abilities. [CEO, Company 10]

It is acknowledged that this kind of conflict will happen in the implementation procedure rather than the planning procedure. When a CEO mentioned this phenomenon, she thought that it should not be discouraged in teamwork. However, she acknowledged the fact that:

Sometimes managers may not [be] 100% clear about the boundary. However, if other managers volunteer to help with the tasks, it shows us working as a team. I am strongly unsatisfied if others regard the help as an officious sort of interference. [CEO, Company 6]

During the interviews, all participants revealed that they always regard task conflict (content-focused) as being beneficial to the company. Although sometimes these debates may occur and take a long time to resolve if team members cannot reach a consensus, the Top Management Teams can share more choices and ideas. Therefore, the majority of Top Management Teams interviewed said that they welcome different ideas and proposals in group discussions. The CEOs mostly advocate this kind of task conflict. One CEO pointed out that:

We highly welcome others to express their ideas in the decision-making process. A better solution always becomes clearer after being discussed. [CEO, Company 7]

However, after discussing this issue with some senior managers in informal chats or examining their conversations based on the author's own perceptions, it can be concluded that task conflicts do not always have a positive impact on teamwork. For example, in Vignette 1, it turned out that the TMT made the wrong decision because the CEO and several managers did not accept the proposal. Although the proposer stated that he accepted the CEO's final decision in the informal chat, he showed regret that the company missed an opportunity. Now, the CEO has decided to invest in the production line but failed to get a head start. The proposer realised that "I am only a manager working for the company, the CEO will make [the] final decisions". Such a perception may harm team morale, especially when a proposal is rejected but turns out to have been right.

6.1.2 Relationship Conflict

Relationship conflict is also significant in Top Management Teams as people tend to trust and agree with people they like and distrust and avoid people with different values. One common relationship conflict is individual dissatisfaction with other senior managers. Since each of the senior managers has their unique managerial style and ways of speaking, some misunderstandings or dissatisfaction may occur if someone is aggressive in group discussions. However, this kind of interpersonal conflict is very difficult to detect for the people who are not involved. Some senior managers acknowledge the fact that some "emotional factors do [become] involve[d] when we interact with other colleagues. It is very common that everyone has his/her like[s] and dislike[s]". In the interviews, many made a tacit admission that senior managers may have some criticism in their minds about a particular person. However, "we are professional and try to leave our personal preference aside in the group discussions". The CEO of company 3, for example, said:

Previously there was one senior manager who was very straight forward during discussions and thus sometimes offended others. [The rest of us understand that it is his own pattern of communication and nothing related to personal concerns. However, he did not even realise that his behaviour had already unintentionally caused displeasure. I think it is a matter of emotional intelligence that causes some relationship conflicts [to occur] in the decision-making process.

However, although most of the participants argued that their personal relationship conflicts do not affect group performance, the extent of their social interactions after work may be an indication of the fact that personal connections do exist in organisations. Whether their interactions after work; for example, the complaints that they make about other senior managers, may affect their behaviour in the workplace remains questionable. During the interviews and observations, it was very tough to connect the participants subjective values/attitudes to the TMTs' actual behaviour, especially when focusing on relationships.

Another common relationship conflict emerges when some senior managers share a kinship and personal friendship with other members of the TMT. It is common in several of the companies included in this study that CEOs prefer to assign their trusted relatives to the position of the financial department director. In this way, the CEOs can have stronger control over the capital and have a deeper understanding of firm performance. It sometimes happens that some senior managers recommend that a previous friend, business partner or previous colleague who has rich industry experience should join the Top Management Team. Most of the CEOs and senior managers admitted that they “would like to perform professionally; however, I would feel more comfortable to work with people I knew previously—my friend[s] or people I trust”.

Vignette 2, exhibited below, details a situation in which emerging relationship conflicts occurred in a TMT. The involvement of family members and a poor negotiating process provides this study with an example of the poor management of relationship conflicts in Top Management Teams.

Vignette 2. Relationship conflicts in Top Management Teams

Company 3 is one of the largest coal companies in the Northeast of China. The CEO delegates power to the general manager to manage the company. The CEO and the general manager have been close friends for many years, so the general manager has the independence to make final decisions sometimes. The company developed rapidly under the general manager's administration. Later, the CEO assigned his sister to the role of financial director in the Top Management Team.

The general manager was unsatisfied with the working performance of the new financial director. For example, she was not always in the office, came to work late and left early. What is worse, the financial director always rejected investment proposals proposed by the general manager. The general manager thought the new financial director was not experienced in the coal industry and did not work hard. The general manager talked to the new financial director; however, she did not take the advice seriously because she thought her brother was the boss and that the general manager worked for her brother. The general manager talked to the CEO regarding this issue. The CEO then discussed the issue with his sister and her performance improved.

However, the situation did not last long, and the financial director did not work efficiently again. The general manager had to have a discussion with the CEO again to ask them to encourage the financial director to work; before long, the situation recurred. The conflicts between the general manager and the financial director were exacerbated because the general manager was extremely dissatisfied. The financial director also felt annoyed because the general manager always complained to her brother.

In the beginning, the CEO was in favour of the general manager. However, after several occurrences of the problem discussed in this vignette, the CEO became fed up with the general manager's complaints and conflicts. As a result, the CEO asked the general manager to tolerate the financial manager. Both parties were incredibly dissatisfied with each other and their relationship became worse and worse.

Vignette 2 describes a typical phenomenon that happens in a company if a CEO's relative works in the Top Management Team. Although the company is not entirely family-controlled, the CEO still takes the majority of company's shares and has the ultimate power to make final decisions. There is no doubt that the conflicts between professional managers and a well-connected senior manager will be more severe and will harm the harmony in the working environment.

6.2 Conflict Escalation and Conflict Transition

By this stage, the conflicts only centre around interpersonal conflicts between individuals. However, in specific circumstances, conflicts will escalate and transform into group conflicts that could be defined as a faultline. When TMTs fail to manage task conflicts and relationship conflicts, TMT members may feel more dissatisfied with the current situation and this may thus affect group morale. The following findings reveal under what conditions task conflicts and relationship conflicts will result in faultlines in TMTs.

It is certain that conflicts may escalate and that the focuses and interests of team members—as they were during the initial conflict—may change as a result. In the interviews, many informants revealed their concerns around the issue of task conflicts and relationship conflicts, both of which may have a negative impact on Top Management Teams' effectiveness. They felt that “dissatisfaction grows and spreads when we fail to manage the conflicts in the early stage”.

The informants claim that conflicts are “inevitable”. They also find that conflicts will not disappear on their own unless the CEOs and other team members take measures to deal with them. Although the informants did not mention directly how two conflicts can transform into a faultline, the interactions among TMTs, the involvement of more senior members in the conflicts and increasing group conflicts can serve as indicators of the fact that the conflicts have escalated. In other words, the manner in which task conflicts and relationship conflicts are handled is the determining factor in whether existing conflicts will be transformed into faultlines. In addition, the severity of these conflicts and their content may also affect the evolution of group conflicts into faultlines. Finally, different approaches, a severe degree of conflict and the content of conflicts may drive task conflicts and relationship conflicts to create a different type of faultline. The findings show that the seriousness of the conflict and the content of the conflict act as accelerators in faultline transitions. The impact of different approaches to managing task conflicts and relationship conflicts will be discussed in Chapter 7.

6.2.1 Task Conflicts Transforming into Faultlines

Task conflicts are the most common conflicts and cannot be avoided in the decision-making process. In the companies that participated in the research, task conflicts are not as fierce as previously expected, and a severe task conflict may not result in faultlines. In other words, a certain degree of task conflict does not necessarily have a long-term effect on group performance. For example, disagreements in the planning procedure, which is regarded as the fundamental stage, are unlikely to transform into faultlines—as discussed in previous sections. As mentioned previously, there are two types of task conflicts in TMTs: the first occurs following disagreements around the design, planning and implementation process; the second occurs when there are ambiguous or overlapping responsibilities when team members are working together.

Based on the interviews and the observations, it seems that if TMT members argue about business planning it is not common for task conflicts to result in faultlines. During the interviews and participant-observation activities, almost all of the Top Management Teams revealed that they welcome different ideas and make judgements of different proposals. Although some senior managers may express their disagreements afterwards in private, such small-scale task disagreements cannot be transformed into faultlines. As observed in company 14:

In the weekly meetings on Monday, senior managers follow the daily routines and discuss what are the tasks [for the day], whom to make contact with and business dealings in the coming week. Some disagreement or suggestions may be raised in the meeting; however, in a respectful and friendly environment. The disagreements are always about whether the companies should make a contract and client relationship management.

As observed in company 15:

The TMT's meetings are scheduled when the CEO proposes one. [The] CEO decides what [we] will do next and other senior managers take notes. In the meeting, disagreement around business planning is a relatively rare occurrence. However, private conversations between senior managers always happen after meetings.

Sometimes, task conflicts do not only focus on the content of the task and decisions. For example, senior managers in different departments that share the same interests will group together in order to gain more bargaining power in discussions. However, the participants indicate that when a CEO fails to make a final ‘correct’ decision and he/she has a little control over the decision-making process, task conflicts in TMTs may transform to different interest-based group conflicts that make the decisions worse rather than better. In this situation, the focus of the TMT is not on the decision itself; it shifts towards protecting their own interests.

In the formal interviews and informal chats, some TMT members revealed that they think task conflicts are beneficial. They explained the reason why they think task conflicts around business planning may be harmless to group performance by saying that: “business planning is the responsibility of the CEO, what we can do is execute the proposal”. It seems that some senior managers think that there is no need to overreact to the proposed plans, even though they disagree with them. They think that the CEO should make the final decision and that their suggestions are for reference only. Thus, TMTs will not take task conflicts that occur in the planning process seriously, and these conflicts or disagreements will be ignored.

However, task conflicts around how to execute decisions may lead to lengthy arguments in TMTs. These conflicts may be related to the question of which division will be responsible for dealing with any issues that arise and how to deal with problems. At this time, the task conflicts are focussed mainly on the allocation of work in the implementation procedure. Senior managers tolerate the co-operative management approaches that are enacted beyond their authority. The dissatisfaction among team members is also managed by CEOs. This kind of task conflict will not result in subgroups.

In another scenario, some informants express their concerns over the decisions personally, as a result of the fact that they find it tough to complete their tasks using the approaches approved in TMT meetings. These informants used phrases such as “difficult tasks”, “not realistic”, “[m]y department and I have to take responsibility if

the project fails” and “not fair” in the informal chats. As a result, what the senior managers in the companies who participated in this study do is: (1) speak to the CEO directly; (2) have discussions with related senior managers and discussions with the CEO later; and (3) express their dissatisfaction, but carefully deal with the project and seek that other department(s) share the responsibility. It seems that task conflicts, when they occur on the micro-level—and especially in the implementation of decisions—will create a need for collective defences and shared responsibility among Top Management Teams. Some senior managers may prevent the approved decisions from being pushed through by polarising in subgroups in order to affect the CEO’s final decisions. Some TMT members intend to cooperate or collude with other departments in a future implementation stage. In this case, task conflicts will be transformed into interest-based faultlines.

6.2.2 Relationship Conflicts Transforming into Faultlines

In comparison with task conflicts, relationship conflicts are the disagreements and incompatibilities that cause interpersonal tensions. Relationship conflicts have been well explored and it has been shown that they harm both group and organisational performance. In the interviews, the majority of the participants acknowledge that they try to avoid making judgements based on personal preferences. In other words, “relationship conflicts should not occur in the group meetings in order [that we can] make rational decisions”. However, this study has found that when there is a lack of communication and CEOs fail to intervene to ease the tension, relationship conflicts in TMTs may be transformed into the creation of small groups that exclude specific managers from the decision-making process. In such a situation, although the focus of the TMTs is on the decision itself, the proposed ideas are biased.

Vignette 3, exhibited below, shows a situation in which conflict transformation occurred. It shows that TMT members will polarise to push aside other executives if relationship conflicts become aggravated. This vignette emphasises the importance of efficient communication when dealing with individual relationships in TMTs.

Vignette 3. Poor communication in TMTs

Company 2 recruited a young, hard-working general manager. As the CEO comments, “he works so hard that [he] sometimes forgets about himself”. However, the young general manager was dismissed after one year.

The reason why he was expelled is that other senior managers grouped together to make several complaints to the CEO. They claimed that the general manager was very rude to them. Since he was young and had joined the firm recently, they felt that he “should respect other senior managers who are more experienced than him”, as the CEO commented. The senior managers did not like the way he communicated with other managers. In addition, other TMT members thought the general manager was too “performance-driven” and thus did not care about other people’s personal needs.

His arbitrary management style resulted in deep frustrations in the TMT. Other TMT members came to the CEO and asked him to fire the general manager. In the beginning, the CEO was in favour of the general manager and comforted the team members by saying that the general manager might need more time to adapt to the new team. In several discussions with the general manager, the CEO gave recommendations and suggestions on how to cooperate with other managers in a more polite way. However, the general manager did not even realise that his working style had caused great dissatisfaction, and he continued to pursue his own ends. The same thing happened again: the other team members, acting together, stated their resentment in front of the CEO by arguing that the general manager had greatly affected the team’s harmonious working environment and that he had inflamed tensions within the team.

Reluctantly, the CEO fired the general manager after one year. During the interview, he noted that:

The boy is very talented and will have a bright future. However, he does not know how to interact with colleagues and properly communicate with them. I feel regret that he could not work with us for a longer time. The other senior managers were united and wanted to squeeze him out. I had no choice but to fire him in order to placate the other senior managers.

Another type of relationship conflict occurs between professional managers and well-connected managers. There is no doubt that this kind of relationship conflict will result in senior managers grouping together based on their background and interests. In this type of relationship conflict, the CEO’s management approach is the key measure of whether the conflict will intensify. Here we return to Vignette 2, in which there were severe conflicts between the financial director and general manager. These conflicts caused a chain reaction in the TMT.

Vignette 2 (continued). Relationships within the TMT

At first, the CEO was not involved in the conflicts but acted as a coordinator. However, the financial director had caused some dissatisfaction among the TMT members—not only with the general manager. Some managers agreed with the general manager and other managers kept silent.

The financial director always cried and complained about the general manager in front of her CEO brother. The general manager was very upset that the CEO did not take action to deal with this situation. As a result, he resigned from the TMT. The resignation of the general manager caused much confusion because he was the one in charge of daily operations, and not the CEO. Later, several managers also went on to leave the firm. The relationship conflicts not only resulted in the downfall of the TMT; they also negatively affected the firm's performance later on.

The CEO then made a home visit to the general manager. The CEO firstly apologised, promised his sister would not disturb daily operations again and invited the general manager to re-join the TMT. Later, the general manager went back to the company. However, the testy relationship between him and the CEO's sister was not resolved and the general manager left the company for good.

During the interviews, the general manager showed great regret and disappointment about the CEO's reactions. He thought that the CEO had not entirely "trusted him and assigned the sister to the TMT". What is worse, the CEO did not deal with the tensions "fairly" and "professionally".

This vignette shows that managers with family ties sometimes may harm group cohesion. Some managers may feel that it is challenging to work in TMTs that involve so-called 'connected' managers. Some senior managers may show great discontent and make the conflicts visible. Other senior managers may choose to keep silent and to stay away from these conflicts. The different approaches applied by senior managers, such as confronting and avoiding, will absolutely result in disintegration within the TMT. This occurred in only a few of the companies that participated in this research. If the CEO fails to make a fair judgement and does not implement effective approaches in order to intervene, the TMT will finally fall apart, and senior managers will react differently in order to protect themselves.

6.3 A Typology of Faultlines

People who share similar cognitions and values, or who have mutual interests, may group together within Top Management Teams. These kinds of factional faultlines will create powerful, cohesive forces and members will try to affect group decisions in order to gain an advantage. Lau and Murnighan (1998) first introduced the idea of group faultlines by arguing that they are ‘hypothetical dividing lines that may split a group into subgroups based on demographic attributes such as age, or based on non-demographic characteristics, such as personal values or personality (p.328). This research proposes that there are three non-demographic factional faultline conflicts, which are based on shared interests, personal relationships and member changes—all of which are explored in this study. These are different to the demographic faultlines within TMTs that have been explored in previous studies.

6.3.1 Interest-based Factional Faultline Conflicts

Interest-based faultlines are most common in organisations. Senior managers who have similar interests will group together and try to influence the decision-making process. It has been found that interest-based faultline conflicts are always associated with task conflicts. Sometimes TMT members become embroiled in disagreements around decisions, and they thus fail to reach a consensus even after extensive communications. If the CEO does not finalise the decision, some senior managers might try to group together with others who support their ideas. At this point, task conflicts between individuals turn into faultline conflicts within different interest subgroups. This transition occurs when decisions are crucial to the company in the long term.

Another negative effect of interest-based faultline conflicts is that factional faultlines also involve TMT members trying to affect the implementation of decisions. In order to lead decisions in a favourable direction, factional subgroups in TMTs may use down-top power when decisions are implemented by middle to low-level managers. A CEO shared her attitude towards interest-based factional faultlines by saying that:

We had experience of different interest-based subgroups, and then they took joint actions. Personally, I don't want task conflicts to develop into interest-based subgroup conflicts that cause relationship concerns. [CEO, Company 2]

6.3.2 Relationship-based Factional Faultline Conflicts

A factional faultline exists when some senior managers have a kinship with the CEO or have had a friendship with them previously. They may receive preferential treatment in TMTs and other senior managers may feel unfairly treated and frustrated as a result. Some others may try to avoid having conflicts or stating their disagreement with executives who are personally connected to the CEO. These issues had happened in some of the interviewed organisations. One informant talked about such senior managers:

They are very arrogant as they have a direct relationship with the CEO. They may ask for extra benefits and do not want to take [on] any responsibilities. It will cause great dissatisfaction among other senior managers. However, although some of us feel [unfairly treated], we still have to tolerate [them] and work as a team. [Senior Executive, Company 4]

Another type of relationship-based factional faultline exists more widely, and it occurs when senior managers have emotional preferences and personal connections with other members after work. This kind of faultline is difficult to detect. All the participants claim that relationship issues do exist within TMTs, but that they do not inflict real harm on group performance as these relationships are just a form of friendship. However, in the interviews, the stories shared by the participants do show that factional faultlines based on personal preferences may affect the group's attitude; for example, in the case of the tensions raised by the general manager in Vignette 3. One informant noted that:

Investment in emotion and relationship[s] within the Top Management Team is necessary. However, it does mean that emotional investment [can result in] subgroups and will harm group performance. [CEO, Company 9]

6.3.3 Seniority-based Factional Faultline Conflict

The seniority-based factional faultline exists when an organisation is growing and recruiting more senior managers from outside the organisation. At this time, senior managers promoted internally will disagree with the external recruitment of managers, since they think that they know the organisation better. These disagreements between internals and externals will result in conflicts. Sometimes the CEO tends to agree with the internal managers as he/she trusts them, which may lead to more severe conflicts. In this study, it was found that when companies introduced new senior managers, the existing senior managers tended to group together at the start, thus creating new conflicts with the newcomers. One CEO was concerned about this issue:

We must recruit many experienced managers to diversify our Top Management Team. Even though they will bring in fresh ideas and new managerial methods, they still know less about our organisation than other managers. Previously, our management team knew each other quite well and we agreed with others since we had already worked together for many years. However, when people with different backgrounds join our discussions, conflicts often occur. Internal managers think that their thoughts are in accordance with the firm's development plan, while externals believe that we should try something different. [Senior Executive, Company 14]

6.4 Conclusions

This chapter presents the findings regarding the transition of group conflicts (relationship conflicts and task conflicts) into faultlines. The results show that under several conditions, task conflicts and relationship conflicts will be transformed into faultlines in TMTs. As discussed in the interviews, task conflicts are inevitable and may happen in every decision-making process. Task conflicts are transformed into faultlines when disagreements still exist after communication has been entered into. However, the faultlines that result from task conflicts may not harm team cohesion and team performance significantly. In contrast, relationship conflicts may result in more severe and genuine harm to TMTs. Such conflicts will undermine the team's attitude significantly when family or friendship ties exist between senior managers, and especially when the senior managers are related to the CEO. Three different types

of faultlines are explored here, and the following chapter will further discuss the events that activate these three types of faultlines.

Chapter 7. Findings—Faultline Triggers

The results are organised based on the proposed theoretical framework, which centres on what organisational characteristics and types of events cause TMT members to polarise. Faultlines may become active via a ‘faultline trigger’: an event or situation that makes a previously dormant faultline an active faultline. The following findings will present what has happened in the companies who participated in this study and how faultlines were invoked in TMTs.

7.1 Promotion of Newcomers

The most common subgroup occurs when one or more new senior managers join TMTs. It is common that the new senior manager wants to be part of the team and to closely interact with existing team members. Differences exist in terms of the newcomers’ background and previous experience; for example, their previous functional background, educational background and work experience. The existing TMT members and the newcomers may perceive that such differences exist and may find that they are beneficial or detrimental to team performance. During the data collection procedure, it was found that the perceived difference between senior managers may not necessarily result in faultlines in TMTs. Rather, there are specific contexts in which the promotion of new senior managers may activate faultlines. Vignette 4, exhibited below, details a situation in which a general manager was recruited from outside rather than being promoted from within the current TMT.

Vignette 4. Promotion of a new general manager

Company 1 is a manufacturing company. There are six people in the TMT, including CEOs. The five senior managers are colleagues who have known each other for more than 20 years. The CEO holds the majority of the shares. The five senior managers co-founded the company in 1994. Recently, CEO A terminated general manager B and appointed a new general manager, C, via external promotion. All the senior managers knew the new general manager, C, quite well because he had been a colleague in the SOEs.

However, some senior managers were very unsatisfied with the CEO’s decision. They had founded the company and had expended a lot of effort and made many contributions to it over a period of 20 years. Now an external person, who had not made any contributions to the company, had taken over the position of general manager and become the second in

command of the company. Also, since C did not have any shares in the company, the co-founders questioned why they had to listen to him.

The four senior managers decided to collude with each other to expel the new general manager. In the informal chats, some of them explained why they took measures to squeeze out C:

We are the co-founders of the company. We do not want an external to take benefits of our 20 years' efforts, without doing nothing.

I think the new general manager should be selected from five of us. I admit that C is very experienced in the industry and we are friends. However, I will welcome him to join our team but not in the general manager position.

After B stepped down, I thought I was the right person to be the general manager. I feel unfair[ly treated] because the CEO appointed an external who had not made any contributions to the development of the company.

When the four senior managers discussed how to push C aside in the Top Management Team and force the CEO to dismiss him, the remaining manager, G, remained neutral. In the informal chats, this manager expressed his view about why he was not involved:

I know the other four managers are discussing how to exclude C from the company. C is my previous colleague and now we are working together again. No matter whether it is fair or not, it is the final decision of the CEO. I have to cooperate with C anyway.

In addition, I understand why [the] others are extremely dissatisfied with C; especially B, who just stepped down from the position of general manager. To be honest, I do not want to be the general manager and don't care about who will take the position. Anyway, the CEO will not assign me to be the general manager so I do not want to be involved in the power conflicts because I am not interested in [them].

In the daily management process, the new general manager, C, got on quite well with the senior manager, G. The four other general managers grouped together to undermine the power of C through group meetings and their implementation procedures. The CEO was aware of this situation but didn't take measures to help C to get through this situation. The reasons why the CEO failed to do so, as guessed by a general manager, were that:

Maybe [because] the five senior managers are shareholders and the co-founders, the CEO did not want to have conflicts with other co-founders for the sake of a newcomer. The CEO did not want the company to be divided.

Finally, the new general manager, C, submitted his resignation. The CEO chose the senior manager, D, to be the succeeding general manager.

The company interviewed in this vignette experienced faultlines after the CEO recruited a new general manager. Although the TMT's working style was positive and the relationship between senior managers was harmonious, the new senior manager still evoked dissatisfaction among the TMT, and several TMT members grouped together in order to push the newcomer out of the TMT. During the interviews, it was seen that there was a dormant conflict within the Top Management Team around who would be the new general manager. Aside from G, who was not interested in the position, and B, who had just stepped down, there was a small-scale conflict among senior managers D, E and F, who were the potential candidates for promotion.

However, in response to the promotion of a newcomer, senior managers B, D, E and F formed a subgroup against the new general manager, C. C was also aware of his situation and tried to maintain a good relationship with G. This conflict did not last for long and C finally left the company. Interestingly, the senior managers did not think that the conflict with the newcomer had a massive impact on their team performance.

As can be seen in the vignette 4 discussed above, newcomers may not necessarily cause TMT members to form subgroups. It is the re-distribution of power that serves as a catalyst and drives potential power disputes to become activated faultlines. The responses of the newcomer; for example, the new general manager C, may or may not intensify the current situation. In this vignette, it is clearly shown that general manager C intended to group together with the neutral parties: the CEO and manager G. In fact, manager G was not actually involved in either group and was only focused on his own responsibilities. The CEO did not make a strong commitment to the new general manager and tried to cover up the conflict rather than stand beside either party.

7.2 The Issue of Succession

Similar to the promotion of newcomers, the promotion of a new CEO as a successor may also cause conflicts within TMTs. The two triggers; namely, newcomers and new CEOs, share some characteristics; for example, by triggering the dormant conflicts around power distribution. The issue of CEO succession urgently needs to be

addressed as a result of the fact that some companies are currently facing succession-related problems. In the interviews, several CEOs expressed their concerns about who would take over the company. In addition, a CEO's leadership style will more significantly affect TMTs' group performance and organisational performance when compared to that of newcomers who join TMTs as senior managers.

In most of the interviewed companies, the CEO holds the majority of the shares and has the final decision on who will be the next CEO. There is no doubt that all the CEOs preferred to appoint their children or relatives to be their replacement. However, the succession issue may cause power conflicts in the Top Management Team. What several CEOs plan to do is firstly let their child become involved in the Top Management Team. Later, when the CEO retires, their child can become the new CEO because their child has already worked in the company for several years and understands how to manage the company.

In such a situation, it is evitable that succession may cause relationship conflicts if other senior managers are not satisfied with the fact that the CEO's children or relatives have joined the TMT. In return, dissatisfaction and conflicts related to role behaviour may result in faultlines within the Top Management Team. It seems that the issue of succession may coexist with relationship conflicts. Vignette 5, exhibited below, describes a situation in which the CEO stepped down and one of his relations became the new CEO. Many conflicts happened as a result of this replacement and the new CEO took many controversial approaches that caused severe dissatisfaction within the TMT.

Vignette 5. Promotion of a new CEO

Company 15 is a joint-stock company. The CEO planned to step down temporarily and appointed his son-in-law from the US to take over the company as a new CEO. In the beginning, other senior managers assumed that the new manager might bring some advanced management experience over from the US. Later, as a result of cultural barriers, different methods of management and communication failures, other senior managers started to be unsatisfied with the new CEO.

During the TMT's group discussions, the new CEO always visualised organisational performance using tables and figures, but other senior managers were not used to them. The new CEO also abandoned the way that the company interacted with their suppliers and customers and decided to approach them in a way that he thought was more 'professional'. For example, the company previously gave gifts and sent wishes to its suppliers and partners on special holidays; for example, on lunar New Year. Occasionally, the TMT members also had a meal with their suppliers and partners or proposed an informal gathering. The company preferred to invest in social relationships in order to build friendly cooperation. However, the new CEO thought it was not appropriate to spend money on sending gifts and having informal meals with suppliers and partners.

As this competitive industry has a low entry barrier, partners and suppliers can easily change who they collaborate with. The friendly ties between this company and its collaborators became looser. The existing TMT members made suggestions to the American CEO about the fact that he should follow the customs of Chinese business operations, which sometimes rely heavily on relationship management. However, the new CEO declined to follow the original methods that the company had used in order to make a substantial emotional investment in its suppliers and partners.

As a result, the new management method resulted in the loss of suppliers and collaborators who had previously cooperated with the company in the long term. What is worse, the new CEO's leadership and management approaches caused great instability within the Top Management Team. In response to the demands of the other senior managers, the previous CEO had to come back to the company to manage it by himself.

In the Vignette 5 described above, the participants acknowledged that "there is no doubt that a cultural barrier existed when the new CEO managed the company". In addition, it can be the case that the new CEO has an excellent educational background and is less experienced because of the age but is very passionate about his/her work. In contrast, the existing TMTs members are very experienced.

Vignette 5 is the only case in which a foreigner with a different cultural background joined and managed the company. In other companies, several senior managers had some experience of studying or training internationally. This case, however, is useful as it can provide a fresh idea or another way by which to approach problems in TMTs. At first, the TMT welcomed diversified members with a different background as they wished to be innovative—as was mentioned by several participants. Early on, the diversity did not result in conflicts; let alone subgroups within the TMT. The reason why the company in Vignette 5 suffered conflicts in the power transition process may be because the newcomer became the CEO instead of the other senior managers. The CEO has the power to make fundamental changes to both the TMT and the firm. If other TMT members do not approve and accept the CEO's transformative approach, the instability invoked by the change of leadership may lead to more emotional reactions, which in return cause conflicts between newcomers, such as between the new CEO or the new general manager and the existing senior executive team.

7.3 CEOs' Personal Intention

It is quite interesting to note the fact that during the interviews, some CEOs admitted that they would like to see a power imbalance within Top Management Teams. The interviewees thought that a certain level of conflicts may encourage senior managers to work harder, thus improving team performance. However, the CEOs do not intentionally create faultlines in TMTs. Instead, they leave dormant faultlines or emerging conflicts unsolved within teams. As one CEO mentioned in the interviews: "Sometimes I encourage them to have a small scale of conflict with others in the TMT". It can be inferred that some conflicts may be invoked intentionally for the purpose of balancing power. However, it is not the case that all CEOs would like to see conflicts within TMTs in order to secure their position.

7.4 Conclusions

This chapter presents the findings of the interviews and observations with regard to what events or organisational characteristics may lead Top Management Teams to

divide into small groups. Two events are found to be a key turning point in making senior managers polarise in such groups. It can be concluded that member changes in TMTs may trigger faultlines. The faultlines are activated based on dormant conflicts around power re-distribution. Meanwhile, the CEO's personal intentions; for example, whether or not he/she is in favour of encouraging conflicts in order to strike a power balance between the senior managers, may also be considered to be another faultline trigger.

Chapter 8. Findings—Conflict Management Process

This chapter will present the findings related to the interactive effects of the conflict processes using a process-state perspective. During the interviews and observation participation activities, the author found that TMTs may use different approaches to deal with task conflicts, relationship conflicts and emerging faultline conflicts. The CEO's personal leadership style is also explored in relation to the CEO-TMT interface. In other words, the findings will present the different impacts of the CEO, as an individual, and TMTs' group approaches on the different stages of the conflict management process.

8.1 Pre-emptive Management Process

There are two types of conflict management processes that can be used to resolve or minimise conflict. One is pre-emptive conflict management, which involves establishing conditions in order to prevent, control or guide team conflict before it occurs. In the conflict management process, the Top Management Team can use different approaches to deal with group conflicts within the team.

8.1.1 TMT Groups' Managerial Actions in Task Conflicts

When a Top Management Team cannot reach an agreement on an important issue, the 6C approach is an appropriate solution. It includes three patterns: (1) communication, collaboration, cohesion and consensus; (2) compromise; and (3) external consultant(s). The first 4Cs (communication, collaboration, cohesion and consensus) are the most common method used by all the interviewed companies. Task conflicts have been found to enhance the degree of consensus, since conflict-inducing interactions drive TMT members to evaluate different alternatives when making joint decisions. In comparison with previous results, which suppose that task conflicts may increase group integration and improve decision quality, the companies who participated in this research indicated that TMTs use team dynamics, such as the 4Cs, as an approach by which to manage task conflicts. In other words, team cohesion and consensus are not a possible consequence of task conflicts. In return, TMTs may advocate that team

morale and cohesion are useful in managing task conflicts. Some informants mentioned the fact that:

Proactive communication is vital when we discuss our future development strategy. The decision-making process is a mutual learning opportunity. [Senior Executive, Company 5]

When we have different opinions, we discuss [these] in several rounds and try to reach an agreement. [Senior Executive, Company 10]

Even though the CEO has the right to make final decisions, he would like to hear others' opinions. Everyone has opportunities to express their ideas and then we make rational decisions together. [Senior Executive, Company 1]

The second practice is used when TMTs are going to have differences after discussions. In such a situation, they will vote by a show of hands. If there are still disagreements, the CEO will make the final decision. At this stage, some senior managers should give up their suggestions and compromise with the majority or the CEO. Two informants reflected on the fact that:

If we still cannot reach an agreement, the majority rule helps. [Senior Executive, Company 13]

If some propositions sound reasonable, the CEO has to make the final judgement. [Senior Executive, Company 12]

External consultants may also become involved in the decision-making process if task conflicts occur. If senior managers cannot reach a consensus then TMTs will seek out external expertise for advice and suggestions. TMTs' external advice-seeking behaviour is an essential determinant for firms pursuing innovation. It was previously assumed that since most of the companies who participated in this study are composed of heterogeneous TMT members that lack diversity, they may not benefit from external advice. However, task conflicts are triggered by various attitudes within a heterogeneous TMT. The senior managers still acknowledged the positive impact of TMTs' advice-seeking behaviour, which includes gaining new insights and external support, and thus reconciles the task conflicts. One informant told the author that:

If there appear to be significant differences of opinion and it is hard to coordinate, we set aside the conflict firstly. It is wrong to make decisions blindly. In order to gain new insights, we invite some experienced researchers and practitioners in the industry to join in our discussions. [Senior Executive, Company 14]

8.1.2 TMT Groups' Managerial Actions in Relationship Conflicts

A two-step approach is used by Top Management Teams to deal with relationship conflict. Firstly, senior managers will communicate with each other. They think that talking things over is a good way to solve problems. The misunderstandings and misinterpretations that cause intrapersonal conflicts can be mitigated if both sides involved in conflicts engage in effective communication. Most senior managers who have suffered from relationship conflicts think that communication should be at the heart of group behaviour when dealing with relationship conflicts and task conflicts, and that it is also the essence of behavioural integration within TMTs. In addition, TMT members also engage in thoughtfulness and self-reflection if they have experienced some relationship conflicts before. In order to avoid relationship conflicts in the future, senior managers take conscious control of their affective biases. Making a rational decision is what they would like to do. One informant commented that:

I think emotional concern has a huge impact on our working environment, especially [in the] Top Management Team. [CEO, Company 6]

Another informant added :

It is certain that people have emotional biases. However, as senior managers, we should take control of those emotional effects in the decision-making process. Avoiding cognitive biases and personal preferences is very critical. [Senior Executive, Company 4]

However, this two-step approach may only be effective in the lower level of relationship conflicts; it may be invalid in severe relationship conflicts in which the connected managers and CEO are involved. In Vignette 2, the senior managers were not united in dealing with the relationship as a team. Instead, some senior managers who were involved in the relationship conflicts reacted fiercely although they had already taken measures to communicate in order to ease the tension. For personal

reasons, some senior managers who were not involved in the relationship conflicts decided to avoid and neglect these existing interpersonal conflicts within the TMT. This was because they thought “I cannot do anything but only focus on my own work. He is the relative of the boss so no matter what he does, the boss is responsible for dealing with the conflicts”.

8.1.3 CEOs’ Leadership Practices in Task Conflicts

When Top Management Teams experience task conflicts in the organisation, the CEO intervenes as an emerging mediator in the collective decision-making process. Firstly, he/she engages with other senior managers to find the desired solutions. Sometimes the CEO uses his/her administrative authority to manage the conflict. Secondly, when emotional problems emerge, the CEO may take a balanced view in order to consider the trade-off of conflicts. If conflicts are out of control or directly affect firm performance, he/she will take the responsibility of the CEO. Finally, creating the desired working environment, including cooperation and cohesion, is a task that CEOs should not neglect.

There are four different leadership roles that CEOs can assume when regulating conflicts related to substantive task issues: (1) arbitrator, (2) coordinator, (3) administrator, and (4) bystander. CEOs will act in several roles in group decisions and may change their roles in a specific context. The roles a CEO acts in when managing task conflicts mainly depend on the content of the task. They seem to have an impact on the ease with which consensus may be reached. Some informants mentioned that:

If a conflict is not severe, I think they can manage themselves. After that they may discuss [the matter] with me. [CEO, Company 7]

It is good to have contradictory points of view. I welcome these conflicts and I am willing to discuss [them] with them. [CEO, Company 9]

If these task conflicts occur in group discussions, I will talk to both sides of the debate individually. I will also listen to other senior managers’ opinions. If the conflict is not a major issue of principle, I will let both sides compromise. [CEO, Company 10]

8.1.4 CEOs' Leadership Practices in Relationship Conflicts

When senior managers are engaged in relationship conflicts, the CEO will intervene as a moderator. The central principles that CEOs use in their management are maintaining harmony and easing tensions. By taking similar approaches as a group, the CEO also advocates efficient communication. Many words were frequently mentioned in this study; namely, “reconcile”, “humanised management”, “shared common goal” and “harmony”. In addition, more guidance is given by the CEO for those on both sides of the conflicts. Compared to TMTs' group approaches, the key difference in CEOs' approaches is that CEOs are devoted to creating a harmonious working environment at a more macroscopic level. By improving the environment, the cohesion within the Top Management Team will increase. As one informant noted that:

I think the main principle is 'harmony without uniformity'. We should discuss our cooperative strategy well and stick to it. If some minor conflicts happen, it would be better to let them exist. If we are completely friendly and act exactly the same, it will be a bottleneck for future development. [CEO, Company 11]

8.2 Reactive Management Process

Another type of conflict management process that is analysed in this study is reactive conflict management, which involves working through task, process and interpersonal disagreements among team members. Such faultlines are activated because task conflicts or relationship conflicts have not been solved properly or because emerging events activate the dormant conflicts within TMTs. However, if subgroups exist within TMTs and the interests of these subgroups contradict each other, senior managers may not function well. In such situations, the CEO will play a decisive role in managing conflicts within different subgroups; this will be discussed in the next section.

8.2.1 TMT Groups' Managerial Actions in Factional Faultline Conflicts

In this study, TMTs' practices are not significant when managing factional faultline conflicts. In such situations, TMT members report directly to the CEO and let him/her tackle this tough situation. TMT members, not including the CEO, feel that it is tough for individuals to deal with this kind of faultline conflict since they are facing a united

group. The reasons why a Top Management Team is not willing to manage factional faultline conflicts may be because: (1) some of them may be involved in specific kinds of subgroups that are affected by factional faultline conflicts; (2) for personal reasons, they are not willing to become involved in such conflicts due to the fact that the subgroups may take united actions; and (3) they think the CEO is responsible for managing the issue. The manner in which CEOs manage factional faultline conflicts will be discussed in the next section. Some informants noted that:

If some senior managers plan to group together, it is impossible for them to act secretly. Some managers will directly reflect the CEO's course of action in such a situation. [Senior Executive, Company 14]

It is challenging to deal with subgroups as a senior executive. [Senior Executive, Company 15]

8.2.2 CEOs' Leadership Practices in Factional Faultline Conflicts

Since TMT members are reluctant, and fail, to manage factional faultline conflicts, the way in which CEOs react to these issues is of critical importance in managing such problems. Our findings show that CEOs take two different attitudes towards factional faultline conflicts: opposing and permitting. Most of the CEOs are strongly against factional faultlines and take tough approaches to deal with these conflicts. The reason why CEOs express disgust with these faultline conflicts is because they think that factional faultlines challenge their authority and undermine the working environment. Several CEOs stated their opinions on this issue:

If subgroups exist, I tend to deliberate [on the] proposals and ideas raised by senior managers. It may cause mistrust issues in the decision-making process. [CEO, Company 12]

I strongly dislike subgroups. I may be worried [about] being left hanging if subgroups act together. [CEO, Company 8]

If the CEO is strongly against factional faultlines, he/she will take actions to manage both sides of the conflicts, such as by punishing the members of factional faultlines as a warning or even dismissing the senior managers involved. In order to prevent these

conflicts from happening again, the CEO will take preventive measures. These are: (1) creating a harmonious working environment within TMTs that advocates team cohesion and (2) promoting internal managers. One informant mentioned that:

We should cultivate TMT members' loyalty towards our organisation. Second, we should promote collaboration. [CEO, Company 9]

However, an intriguing finding shows that some CEOs advocate factional faultline conflicts and that they would like to manage these factional faultlines. CEOs adopt two approaches: balancing the conflicts or utilising the factional faultlines. Two informants stated that:

I allow subgroups to exist in the Top Management Team. Different ideas can be mutually restricted. However, conflicts should not be so severe that [they] affect the stability of the operation. In one word, it is the art of balance. [CEO, Company 10]

Previously I acquiesced to the factional faultline conflicts that existed in our Top Management Team when I planned to hit the market. The conflicts can motivate their working enthusiasm within a [certain] period. [CEO, Company 4]

8.3 Conclusions

When conflicts are task focused, Top Management Teams are accustomed to managing issues jointly. If relationship conflicts occur, senior managers may act as coordinators in order to ease the conflict in a consultative way. In this pre-emptive procedure, group conflicts are still confined at a controlled level within TMTs before other types of conflicts emerge. However, if CEOs or TMTs fail to manage task conflicts and relationship conflicts efficiently, these conflicts will be exacerbated, as was discussed in Chapter 6. In addition, specific legitimate events also activate dormant conflicts in TMTs, as was discussed Chapter 7. In these cases, TMTs will be faced with group-based faultlines instead of disputes between individuals. In the reactive process, CEOs' leadership styles are more critical when compared to the pre-emptive process.

Chapter 9. Discussion

This chapter conceptualises the conflict management process in Top Management Teams and consolidates the essence of the findings. This chapter will provide an understanding of what happens within a TMT team when intergroup conflicts occur, such as task conflicts and relationship conflicts, and how and when these two conflicts will transform into faultlines. By including the faultline transition procedure as one of the faultline triggers, this chapter will provide a typology of faultline triggers that drive senior managers to polarise and form different subgroups.

Due to the fact that faultline conflicts are categorised into three different types, this chapter will further discuss what triggers will activate a specific type of faultline and why. This chapter will then provide further insights into how faultlines occur and how exactly these conflicts may eventually come to positively or negatively affect group outcomes and group satisfaction.

Regarding the conflict management process, the results separate the process into two stages: the pre-emptive procedure, which deals with task conflicts and relationship conflicts in order to prevent the occurrence of faultlines, and the reactive management process, which occurs when a TMT fails to prevent a faultline and must take steps to manage the faultline. This chapter will also discuss how senior managers interact within the team and how their interactions will have an impact on conflict management.

In total, four dimensions will be explored in this chapter: faultline types, faultline transitions, faultline triggers and the conflict management process, which is composed of pre-emptive and reactive management approaches.

9.1 Faultline Types

There are limited studies in previous literature that examine how faultlines emerge when team members share the same characteristics with some members but not others (Lau and Murnighan, 1998). In other words, the extant studies have not focused on the processes involved in faultline conflicts themselves. Research needs to clarify the

systematic or variable ways that team members interact within their own groups and with other subgroups (Carton, 2011). Carton and Cummings (2012, 2013) identified three types of faultlines: separation-based faultlines, disparity-based faultlines and variety-based faultlines. A separation-based faultline is formed based on different cultural backgrounds, a disparity-based faultline is formed as a result of power distribution imbalance and a variety-based faultline is formed when each subgroup shares similar levels of functional expertise.

The previous studies categorise faultlines based on demographic differences, such as cultural background, functional background and power. In this study, the constructions that form faultline conflicts are based on a demographic variable; namely, functional diversity background, which results in interest-based faultlines. This homophily phenomenon indicates that senior managers tend to form a subgroup according to their common characteristics. Faultlines are also based on non-demographic variables and can evolve into two other types of faultlines: relationship-based faultlines and turnover- and qualification-based faultlines. Table 9.1 presents the three different types of faultlines explored in this study.

Table 9.1 A Typology of Faultlines Explored in This Study

Types of Faultlines	Configurational Properties of Subgroups	Characteristics of Inter-subgroup Processes
Interest-based Faultlines	<ul style="list-style-type: none"> • Numbers of interest-based subgroups • Variation in the functional background of interest-based subgroups 	Inter-subgroup processes are characterised by the social identity of team members. <ul style="list-style-type: none"> • Threat to same interests of team’s subgroups • Fragmentation of team’s interests
Relationship-based Faultlines	<ul style="list-style-type: none"> • Numbers of relationship-based subgroups • Variation in the interpersonal distance between relationship-based subgroups 	Inter-subgroup processes are characterised by resource and relationship dominance <ul style="list-style-type: none"> • Asymmetric perceptions of fairness • Centralisation of power in team
Seniority-based Faultlines	<ul style="list-style-type: none"> • Numbers of seniority-based subgroups • Variation in the hierarchy of interest-based subgroups 	Inter-subgroup processes are characterised by hierarchy dominance <ul style="list-style-type: none"> • Asymmetric perceptions of fairness • Working history in a team

Source: Author.

9.1.1 Interest-based Faultlines

In a comprehensive review of functional diversity, Bunderson and Sutcliffe (2002) identify different conceptualisations of functional diversity: (1) dominant function diversity, which assumes that each team member brings a specific functional perspective to a team; (2) functional background diversity, which focuses on the extent to which team members differ in their functional background; (3) functional assignment diversity, which argues that the issue is not related to the experience of team members, but related to team members' current functional assignments; and (4) intrapersonal functional diversity, which focuses on the extent to which a team member is a narrow or broad functional specialist.

This study firstly confirms the existence of different functional backgrounds of team members. The findings are consistent with the study by Bunderson and Sutcliffe (2002), which found that team members have different functional experiences. Previous studies (Glick, Miller and Huber, 1993; Sutcliffe, 1994) also argue that functional background diversity positively affects team performance, such as by encouraging team members to communicate more frequently and to acknowledge the diversity of different beliefs and perceptions.

However, this study finds that functional diversity will have a negative impact on team outcomes when it initiates interest-based conflict. It seems that interest-based faultlines are mostly related to dominant functional diversity, which focuses on the distribution of dominant functions in the different range of functional categories. This study supports the findings of some empirical research (Knight et al., 1999; Pelled et al., 1999) by arguing that dominant functional diversity will result in more conflicts within the team. The introduction of the interest-based faultline confirms the findings of Carton and Cummings (2012, 2013), who explore the 'variety-based faultline', which is formed if team members share similar functional expertise. In other words, interest-based faultlines are related to disagreements regarding the content of decisions caused by functional diversity.

In addition, this study also explores whether interest-based faultline conflicts may

affect the implementation of decision-making. In other words, it is not only the subgroups who plan to have more impact within the TMT decision-making process; some members of the subgroups will try to influence the middle level of management and try to guide the implementation towards their favoured direction. The only paper to have analysed the impact of TMT faultlines on middle managers was produced by Ou et al. (2017). Their study indicates that TMT faultlines can affect how middle managers at a lower level respond to their senior executive leader and own job. This study also demonstrates that TMT group faultlines can be created isomorphically and have an interactive impact on different group levels. In doing so, it extends previous faultline research on the same team-level process and performance (Thatcher and Patel, 2012; Bezrukova et al., 2016; Ou et al., 2017). The results suggest that TMT interest-based faultlines may cause corresponding damage to cooperation and collaboration among the lower level of management teams and are detrimental to team performance.

9.1.2 Relationship-based Faultlines

Relationship-based faultlines may occur when members of Top Management Teams have social relationships that cause problems and dissatisfaction among senior managers because they receive different treatment. As discussed by Chrobot-Mason et al. (2009), differential treatment accounts for 29 percent of faultline activation. In their study, different groups may perceive that they have been treated differently according to resources, rewards and punishment distribution. This study further examines this disparity by proposing one reason why such different treatments occur: the distance between friends and relatives.

The most common relationship-based faultlines are more likely to occur if the CEO's relative is one of the senior managers. Previously, relationship-related conflicts were assumed to occur in family-owned firms. Ensley and Peason (2005) recognise the significance of the familiness of TMTs, which is defined as family members' involvement within TMTs in family firms. Minichilli, Corbetta and MacMillan (2010) later examined family involvement within the TMTs of family-controlled firms by examining whether the familiness resulted in factional tensions and faultlines.

Although they argue that the presence of a family CEO may positively affect firm performance, the coexistence of factions between family managers and non-family managers in Top Management Teams may potentially create schisms within TMTs and result in subgroups. In line with their findings, this study also finds that the involvement of the CEO's family members may create faultlines in TMTs and harm group performance; however, most of the firms involved in this study are not family-owned firms.

Advancing Minichilli, Corbetta and MacMillan (2010)'s results, this study further acknowledges the CEO's role in the factions caused by the involvement of family members. The previous studies, which are limited in number, have confirmed the dark side of family involvement within TMTs and its harmful impact on group performance (Lubatkin et al., 2005). The CEO's altruism intention has been examined and confirmed by this study. The findings indicate that the involvement of family members may not create faultlines in the first stage. The leadership styles and actions taken by CEOs will catalyse the tensions between family members and non-family members and, finally, lead to relationship-based factional conflicts. The issue of nepotism and the impact of CEOs' approaches will be further discussed in the following sections.

Another relationship-based faultline will be activated if Top Management Teams are suffering from interpersonal conflicts. This kind of faultline conflict is related to the existing relationship conflicts within the team. In other words, relationship conflicts will be transformed into one of the relationship-based faultlines if the CEO and TMT as a group fail to manage and coordinate the anger and discontent between senior managers. The issue of faultline transformation will be further discussed in the following sections.

9.1.3 Seniority-based Faultlines

The seniority-based faultline, which was discovered in this study, is related to member changes within TMTs. When a new executive enters into a TMT, the existing TMT members may react to the turnover. It is important to understand whether the

promotion of a new member may affect the existing subgroups within TMTs (Thatcher and Patel, 2012). Summers, Humphrey and Ferris (2012) find that there are two preconditions in which changes of team members can cause a high level of instability and poor coordination: (1) if the member has changed to a more strategically core role, or (2) limited information has been shared and transferred in the period of time in which the member changes position. The effects of a strong faultline are also related to the timing of when team members first interact with others (Flache and Mäs, 2008).

This study examines the promotion of a new senior member, or the loss of an old member, and its impact on faultline composition. Previous studies assume that newcomers will join the existing subgroups and will cause changes in faultline composition (Thatcher and Patel, 2012). This study finds that the fracture will be further aggravated when newcomers are introduced. Instead of escalating the existing conflicts between the dominant faultlines in TMTs, the newcomers themselves will create a new subgroup or awaken dormant faultlines around the struggle for power.

This study has found that there are two types of member changes: when newcomers are introduced and when a member leaves. The reasons why a member leaves can also be categorised into two reasons: conflicts with the family members of a CEO or failure to integrate into the TMT as a newcomer. The first type of member leaves is the consequence of relationship-based faultlines caused by nepotism. The second, concerning the integration of a newcomer, is the consequence of seniority-based faultlines that are caused by member turnover within TMTs. The introduction of the seniority-based faultline confirms the findings of Carton and Cummings (2012, 2013), who explore the disparity-based faultline, which is formed if status and power distribution change within a team. In other words, seniority-based faultlines are always related to power struggles and power distribution imbalances.

In addition, this study argues that the promotion of a newcomer may not necessarily cause frictions within TMTs. The precondition for a newcomer causing seniority-based faultlines is when the new senior executive is assigned to a strategic role and has more power compared with the existing TMT members. In addition, as proposed

in the third research question, the occurrence of faultlines is also correlated with the management approaches taken by the CEO and TMT as a whole. The detailed arguments that are related to member changes and management approaches will be further discussed in Section 9.3.1 (member turnover) and Section 9.4 (conflict management process).

9.2 Faultline Transitions

Research into organisational conflict has focused on three dimensions of conflict; namely, task, relationship and process conflict (Amason, 1996; Jehn, 1995, 1997; Jehn et al., 1997; Pelled, 1996). The three different types of task conflicts are consistent with the previous definition of task conflicts, which are disagreements between group members' ideas and opinions about the task being performed, such as disagreement regarding an organisation's current strategic position or determining the correct data to include in a report. When conflict is functional, it is often task focused (Jehn et al., 2001).

This study has extended the definition of relationship conflicts, which were previously defined as disagreements and incompatibilities among group members about personal issues that are not task related. Aside from the personal preferences that may result in interpersonal conflicts and incompatibilities within groups, this study further explores another dimension called 'nepotism', which will be discussed in the following sections.

Process conflicts are disagreements about how a task should be accomplished (Jehn, 1997). Although task and process conflicts tend to be related, Jehn (1997) delineated between task and process conflict based on the findings of an ethnographic study of work groups. Weingart (1992) also found that process issues are seen as being different to issues concerning tasks carried out by work group members, in that process issues concern making plans and task delegation proposals while task goals focus on the content or outcome of the task. This study has not distinguished the differences between task conflicts and relationship conflicts, as there is no consistent definition of what process conflict is.

In this study, two common conflicts (task conflicts and relationship conflicts) will be transformed to faultlines in Top Management Teams' decision-making process. Task conflicts are regarded as being beneficial to group decision quality and all of the CEOs and senior managers interviewed promoted debate around different proposals. However, task conflicts may result in disharmony within TMTs and will convert into faultline conflicts when Top Management Teams fail to manage task conflicts. There are several conditions under which conflicts transition to task-focused subgroups. Process conflicts have not been discussed here, since this study analyses the overall conflict management process.

9.2.1 The Inter-Transformation of Task Conflicts and Relationship Conflicts

This thesis investigates the relationships between task conflicts, relationship conflicts and faultlines over time. It has been found that high levels of two conflict types in the early stage of the management process, if unresolved, are likely to result in more severe conflict; namely, faultlines.

Task conflicts, if they occur at the beginning of the TMT decision-making process, are likely to continue by creating dissent within TMTs. If teams experience many task conflicts, and if CEOs and other TMT members fail to solve these conflicts efficiently, task conflicts sometimes may trigger relationship conflicts first; thus indicating that TMT members' focus has changed from the content of tasks to interpretational relationships. Previous studies have identified the conditions that are in place when task conflicts transform into relationship conflicts, such as low intragroup trust (Simons and Peterson, 2002), task conflicts being regarded as harmful and being avoided by team members (Mooney, Holahan and Amason, 2007), inefficient communications within teams (Martínez-Moreno et al., 2012), lower levels of behavioural integration (Camelo-Ordaz, García-Cruz and Sousa-Ginel, 2015) and perceived low levels of team performance (Guenter et al., 2016).

The focus of this study is not only on the context of transformation, from a process management perspective, but also on examining the knock-on effects of such

transformations on other types of conflicts. Accordingly, task conflicts will directly result in interest-based faultlines. As discussed earlier, TMT members with different functional backgrounds may have different interests that they wish to pursue and they may have different perceptions of their responsibilities. The allocation of resources, such as capital, may also lead to conflict between senior managers and their departments.

Relationship conflicts have a higher degree of interpersonal emotionality compared with task conflicts (Jehn and Bendersky, 2003; Desivilya and Yagil, 2005). In return, these negative emotions and behaviour may result in more relationship conflicts (Greer, Jehn and Mannix, 2008). In addition, relationship conflicts will create more hostilities among team members and escalate conflicts. There is a particular type of relationship conflict called kinship and friendship, which can be referred to as 'nepotism'. The nepotism issue within relationship conflicts, together with other triggering events, will be discussed in the next section. The success or failure of conflict resolution early in the TMTs' time together may help reduce the likelihood of conflict transformation and the emergence of faultlines. The pre-emptive approaches taken by CEOs and TMTs will be discussed in the conflict management approach section via a process perspective.

9.2.2 Task Conflicts Transforming into Faultlines

In the findings, task conflicts are found to not always transform into faultlines when compared to relationship conflicts. Examples of task conflict are conflicts about resource distribution, procedures and politics and the judgement and interpretation of current issues (Dreu and Weingart, 2003; Dreu, 2006). One of the task conflict types is disagreement over a decision, which is welcomed by TMTs and has no subsequent negative impact. Previous studies have found that task conflicts have a positive influence on group performance. The results of this study are in line with the previous literature, since most of the interviewees thought that task conflicts (content focused) are beneficial to the quality of decisions, encourage the sharing of different views, improve consensus and affective acceptance among group members and are generally

associated with positive organisational outcomes (Amason, 1996; Jehn and Mannix, 2001). The internal cohesiveness within different groups may also be enhanced.

As this kind of task conflict is seen as being beneficial for group performance, Top Management Teams always welcome task conflicts in the decision-making process. In the interviews, senior managers—and especially the CEOs—encouraged the coming together of different ideas in meetings. They feel that the more ideas and the more choices they have, the better the decisions they make will be. In addition, through the task conflicts that occur around the content of decisions, senior managers can participate more deeply in the decision process, which allows them to understand the difficulties being faced by a different department and to open the door to better collaboration. Thanks to the effects of these conflicts, senior managers can make more contributions to Top Management Teams' performance.

However, this study found that there is another type of task conflicts that is not beneficial to group performance, and that this may result in subgroups within Top Management Teams. In this kind of task conflicts, senior managers may push work responsibilities onto other departments and make these responsibilities unclear so that task conflicts may arise. In addition, instead of shirking the task among Top Management Teams, the fight for resource allocation; for example, capital, may also cause tasks conflicts. These conflicts will mainly be transformed into interest-based faultlines. It has also been argued that the second type of conflicts will result in more severe interest-based faultlines if Top Management Teams and CEOs fail to deal with them. The catalytic effect of team management procedures will be discussed in the following sections. Figure 9.1 shows the transition of task conflicts.

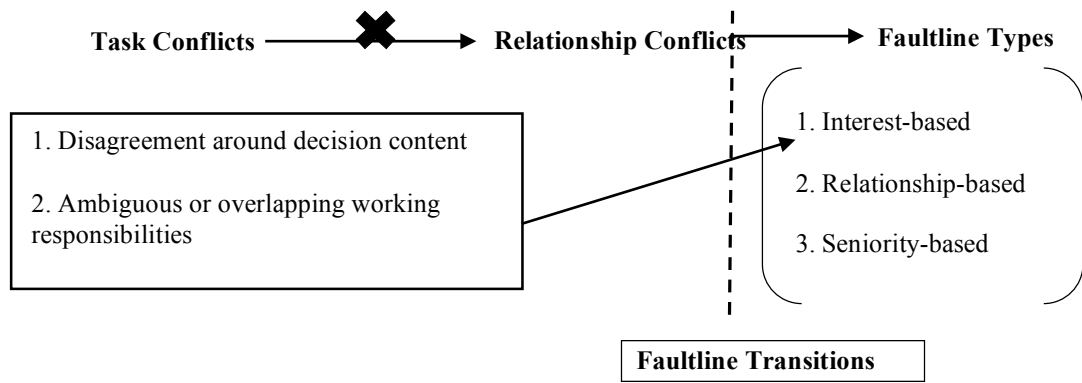


Figure 9.1 Task Conflicts Transitions

Source: Author.

Interestingly, this study has not found a strong correlation between task conflicts and relationship conflicts. Previous studies have examined the mechanisms that underline the transformation between task conflicts and relationship conflicts (Simons and Peterson, 2002; Martinez-Moreno et al., 2012; Camelo-Ordaz, García-Cruz and Sousa-Ginel, 2015; Guenter et al., 2016). The context of this bilateral relationship between task conflicts and relationship conflicts has been categorised into different dimensions, such as behavioural interactions and effectiveness and emotion and management approaches (see Section 3.2). The reasons why this strong co-relation cannot be found in this study are: (1) compared with previous studies, the relationship conflicts found in this study not only include interpersonal tension, animosity and annoyance, but also other considerations of relationship ties, which are not task related; (2) all the participants claim that they try to avoid task conflicts from escalating into relationship conflicts; (3) as discovered in the findings, if senior managers realise there are disagreements around the content of decisions, they try to polarise in order to get more support and, finally, affect the group decision. In this way, task conflict will be directly transformed into interest-based faultlines, without causing interpersonal tensions.

9.2.3 Relationship Conflicts Transforming into Faultlines

The findings show that relationship conflicts will be transformed into faultlines. One of the relationship conflict types is dissatisfaction with other senior managers (i.e., working styles and personality). Relationship conflict is significant in Top Management Teams as people tend to trust and agree with people they like and distrust and avoid people with different values (Glinow, Shapiro and Brett, 2004; Li and Hambrick, 2005). In line with previous findings, this study finds that if senior managers are very dissatisfied with another manager in a Top Management Team, some radical managers may find other senior managers to act as supporters in order to push these people aside in the Top Management Team's decision-making process. In this situation, the people being expelled also try to form an alliance within the team. These kinds of personal conflicts may be very inconspicuous and simmer below the surface in daily TMT operations. Sometimes outsiders—for example, middle managers and co-operators—are not able to detect why these disharmonies emerge; however, these outsiders may nonetheless be aware of these disharmonies. Rumours will then pass on underground in the organisation and in the industry, which will have a negative impact on both TMT group performance and organisational performance overall.

Another relationship conflict found particularly in Chinese organisations is the interpersonal network based on kinship and friendship. The reason why this kind of relationship is very prominent may be because all the companies studied in this research are located in areas that have a very strong human-social relationship environment. The CEOs are more willing to trust their relatives to be a financial director, while other senior managers maybe also trust their relatives or friends more than others. In the interviews, some senior managers also mention that some senior managers prefer to group together based on their hometown; for example, whether they come from the North or the South or based on their previous working background. These demographic differences may cause differences in values and behaviours, especially for the people who were friends previously or relatives, as they tend to form subgroups in TMTs.

Previous studies have found that relationship conflicts have a negative effect on organisational performance (Simons and Peterson, 2000; Jehn and Mannix, 2001). The results of this study are in line with the previous literature, since most of the interviewees think that relationship conflicts should be avoided in order to make rational decisions. In addition, the relationship conflicts related to relationship ties, and especially those between relatives, will destroy team cooperation and greatly affect team morale, as well as result in the emergence of subgroups.

In this study, it is interesting to note that the actions taken by CEOs sometimes do not alleviate conflicts, but rather that they intensify the severity of these relationship conflicts, thus leading to a higher level of relationship-based faultlines. The impact of CEOs' actions will be discussed in the following section. Figure 9.2 shows the transition of relationship conflicts.

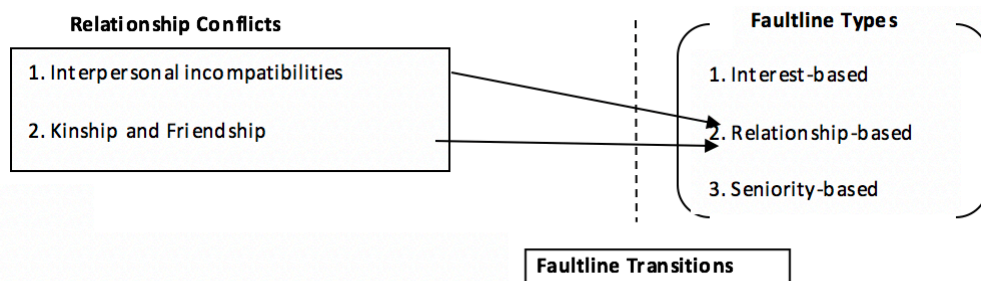


Figure 9.2 Relationship Conflicts Transitions

Source: Author.

9.3 Faultline Triggers

In the previous sections it has been shown that task conflicts and relationship conflicts can be transformed into faultline conflicts. Other types of factors are discovered as being triggers that result in faultlines. Subgroup splits occur on the basis of diversity attributes that not only pertain to team members' social identity, but also to emergent states. As discussed in Carton and Cummings's study (2012), the formulation of subgroups (faultlines) can be categorised into three dimensions: a difference between social identity (identity-based subgroups), a difference between resources (resource-

based subgroups) and a difference between knowledge and technical expertise (knowledge-based subgroups).

The demographic difference between TMT members will result in subgroups and faultlines; for example, educational background, age, gender, knowledge and functional background. These alignments of attributes have been studied in diversity research and have been proved to have a direct relationship with the formation of faultlines. By developing a typology of faultline triggers based on the collected data, this study reveals other non-demographic dimensions that will result in faultlines. Figure 9.3 presents a typology of faultline triggers (excluding two conflict transitions) and identifies the triggers that will drive TMTs to form certain types of faultlines.

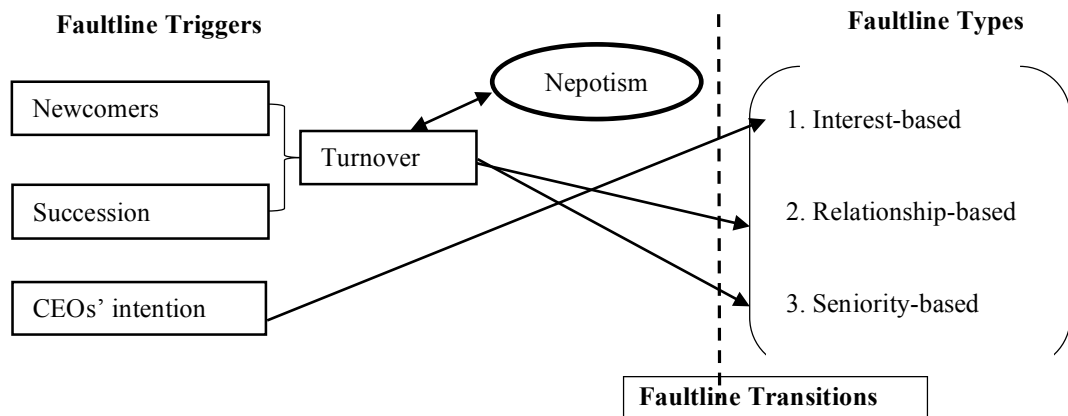


Figure 9.3 Faultline Triggers and Outcomes

Source: Author.

9.3.1 Member Turnover

The movement of TMT members is one of the aspects that force TMTs to polarise and form a subgroup. In the fundamental study of Lau and Murnighan (1998), they find that newcomers in leadership roles may activate faultlines. Consistent with their findings, this study also finds that a legitimising event, such as recruiting new senior managers whose actions unwittingly offend others, violate the traditional operational

mode or challenge the consensus among existing TMTs, will result in dissatisfaction among existing TMTs and aggravate the relationships between members.

The findings indicate that the promotion of newcomers, at the same time, may cause members to leave TMTs. The exited member may include the expelled newcomers who have failed to adapt to the Top Management Team or the previous senior managers, who are unsatisfied with the current situation caused by the newcomers. The findings support the findings of Dyck and Starke (1999) by showing that organisational members may actively remove themselves from a problem or resolve a problem by exiting the group.

The desire of some members to leave their current job after relationship conflicts and faultlines, as found in this study, also support the arguments of Medina et al. (2005). Their findings indicate that relationship conflicts will lead team members to leave their current job, while task conflicts do not affect an individual's propensity to leave their current job. Based on the study by Dyck and Starke (1999), this study presents a process model of group member changes. Figure 9.4 summarises a process model of member changes in groups that are based on the findings.

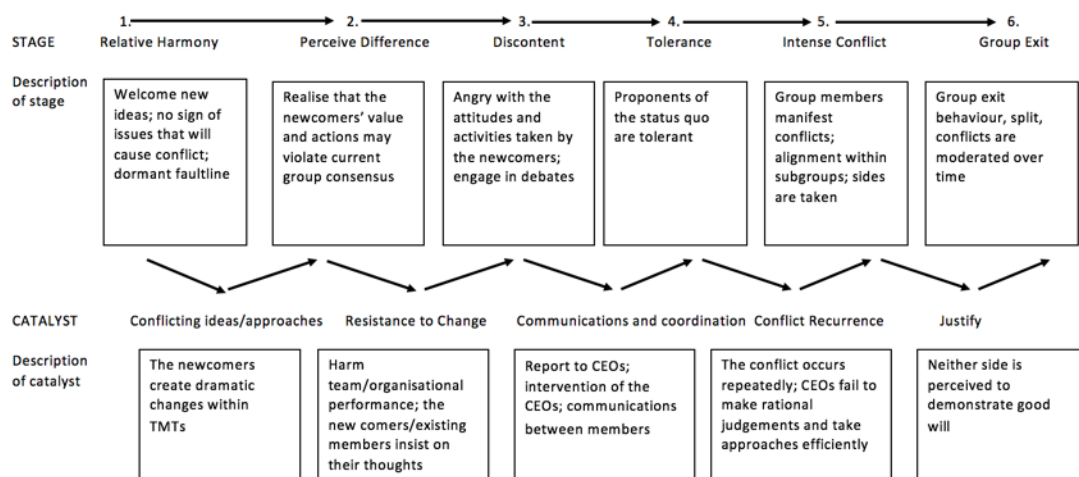


Figure 9.4 A Process Model of Member Changes in Groups

Source: Author.

However, this study has not found that dissonant harmony occurs after conflicts, as proposed in Dyck and Starke (1999)'s process model of group exit avoided. The reasons why this study finds that newcomers will cause existing members to leave TMTs are: (1) the data size is not large and (2) the faultline is regarded as being more severe than normal conflicts.

The findings also indicate that succession issues facing the first generation of Chinese CEOs may also cause faultlines, especially when the newly-hired CEO is a relative of the original CEO. These findings are in line with the preliminary study by Georgakakis and Buyl (2017), who argue that TMT change after a CEO succession event can lead to faultlines between senior managers hired by the new CEO and the senior managers who joined the TMT before the new CEO. In addition, these faultlines are more detrimental to team performance when: (1) the firm experienced bad financial performance before the succession; (2) the new CEO is hired outside the firm instead via internal promotion; and (3) the incumbent senior managers had a long period of experience of working with the previous CEO. The following sections will discuss the impact of newcomers and succession issues in detail.

9.3.1.1 Newcomers

By taking an organisational socialisation perspective, this research further explores the process through which a newcomer tries to become an organisational insider. In an area that is linked to conflict literature, the research on newcomers explores how such a change can potentially disrupt teamwork (Summers, Humphrey and Ferris, 2012). Chen (2005) examines the impacts of newcomer adaptation in teams. His study indicates that initial newcomer empowerment, team expectations and team performance may differently predict newcomers' initial performance and performance improvement. Firstly, previous studies (Thomas and Velthouse, 1990; Chen, 2005) argue that newcomers with a higher sense of empowerment may encourage the newcomer to expend greater effort in accomplishing the work and improving individual performance. Instead of examining the newcomer's individual performance, this research finds that a higher level of initial empowerment in the newcomer may

result in a sense of unfairness and imbalance within TMTs. In other words, a newcomer with a higher level of empowerment may undermine cohesion within TMTs, thus harming group performance.

This study also finds that the newcomer may affect the sense of belonging of the existing senior managers. The belongingness theory argues that individuals have a strong incentive to belong to specific teams. They are motivated to ‘seek out interpersonal contacts and cultivate possible relationships’ (Baumeister and Leary, 1995, p.500). This study believes that most newcomers try to form positive relationships in order to form new social bonds. Although the primary aim of the newcomer is to adapt, instead of creating group fission, an airborne newcomer in a critical and powerful role, such as general manager, may cause dissatisfaction that will result in a struggle for power in the form of a faultline. Similar to the findings of Georgakakis and Buyl (2017), this study finds that if a new senior manager is hired outside the firm instead of being promoted internally, and he/she is assigned to a higher level compared to the existing manager, the faultlines are more detrimental to team morale and team performance.

A newcomer may suffer relationship conflict with the existing TMT members, which will result in social anxiety (Nifadkar and Bauer, 2016). The newcomer may be vulnerable to these conflicts when a dormant conflict or faultline may already exist in relation to power distribution within the TMT. Instead of studying the newcomer’s behaviour, this study examines how newcomers’ conflict with co-workers may affect TMTs at a group level (Jehn, 1995). The findings of Nifadkar and Bauer (2016)’s study also indicate that a newcomer may try to build a relationship with his/her supervisor after conflicts occur. Interestingly, this study finds that the newcomer in a TMT may seek support from the existing members—not only from the CEO but also other from senior managers.

Although most newcomers strive to integrate into the new team and actively enter into new relationships (Baumeister and Leary, 1995; Nifadkar and Bauer, 2016), the free rider problem may still occur if the newcomer is related to the CEO personally. Group

work benefits individual members significantly, but it also creates a problem that pits a team member's interests against the rest of the group (Hart and Van Vugt, 2006). The newcomers who have personal relationships with other TMT members will be further discussed in Section 9.3.2's discussion of nepotism.

9.3.1.2 Succession

The issue of succession is one of the common triggers that provoke a fight for power, thus resulting in faultlines. It is argued that when the successor is the child of the CEO, the situation is much worse than when a new CEO is recruited either from outside or within the existing Top Management Team. In other words, relationship-based faultlines and seniority-based faultlines will coexist within TMTs. Tensions between family executives and non-family executives are also serious. Parental altruism is a trait where a parent plans to pass power and benefits on to their children (Stark, 1995). This study confirms this tendency and argues that although so-called 'parental altruism' may promote a family bond (Lubatkin et al., 2005), the self-control pattern may engender other conflicts.

The findings indicate that if successive new CEOs fail to integrate into and adapt themselves to current TMTs, then existing TMT members will feel dissatisfied. Thus, some TMTs may form a subgroup in order to confront the new CEO. The succession issue has largely been discussed in the family business literature using agency theory (Harris and Helfat, 1998; Miller and Le Breton-Miller, 2006). Some researchers argue that approximately two-thirds of family firms fail to transfer ownership to the second generation of the family (Handler, 1990). Similar to those findings, this study finds that the succession issue, which is related to parental altruism, may also fail in shareholding firms.

There are many reasons why a family member successor may cause faultlines within TMTs and why the succession may turn out to be a failure. On the successor's side, the new CEO may be much younger than the existing senior managers. The age difference between the two generations can result in different viewpoints regarding

management and different behaviours in relation to communications. In addition, the new CEO may have a better educational background compared with the existing senior managers. If he/she plans to introduce an innovative approach or management method, it may be regarded as being inappropriate and unpractical by the experienced TMTs. De Massis, Chua and Chrisman (2008) propose a model of factors that prevent intra-family succession in a family firm. As shown in Figure 9.5, the five antecedent factors and the three direct causes of succession explain why succession does not take place.

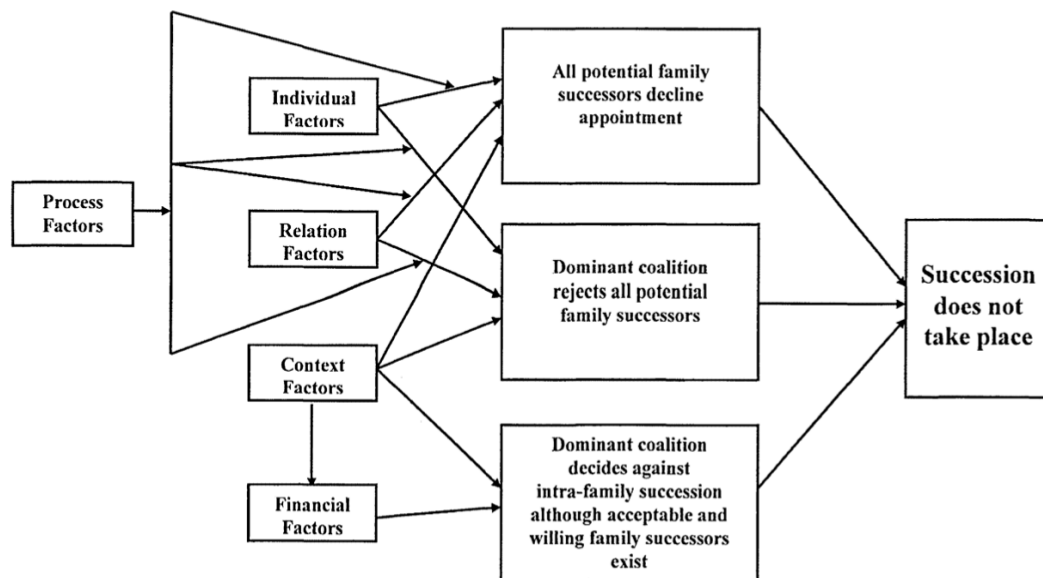


Figure 9.5 De Massis, Chua and Chrisman's Succession Failure Model

Source: De Massis, Chua and Chrisman (2008), p.186.

On the existing TMT members' side, the senior managers who have worked for the firm for a longer period of time may better understand the industry and the firm. Similar to the findings of Georgakakis and Buyl (2017), if the incumbent senior managers have experience of working for a long time with the previous CEO, the faultlines are more detrimental to team morale and team performance. In such a situation, a seniority-based faultline may occur if some experienced managers do not trust the young CEO successor.

The experienced executives also have more connections and may have made greater contributions to the development of the firm. However, a family member successor will close the door on their further promotion, which harms team cohesion and destroys team morale in both the short term and long term. What is worse, the faultlines between family members and non-family members will lead to TMT members' departure, which has a negative influence on the stability of TMTs (see Section 9.3.1). Lubatkin et al. (2005) also find that parental altruism may undermine the motivation of existing team members. Their study provides two reasons why a decrease in morale occurs: (1) parental altruism can make CEOs less willing to dilute their control of the firm and (2) parental altruism can make CEOs less willing to offer specific or other promotional opportunities to non-family managers. Table 9.2 summaries the factors of parental altruism succession failure.

Table 9.2 Factors Preventing Parental Altruism Succession

Category	Subcategory	Factor
Individual factors Related to (1) the profile/background, such as educational and working experience; (2) the motivation of individuals	Successor related factor	- Work experience and leadership styles are incompatible - Know little about the organisation/industry
	Incumbent related factor	- Fail to deal with the potential power balance issue - Fully empower the successor
	Existing TMT non-family members	- Seniority issues in terms of resources and the working history of the organisation. - Lost promotion opportunities
Relationship factors Related to (1) the relationship between family members and non-family members within TMTs; (2) different treatments and communications styles	Family members	- Conflicts/rivalries/competition in parent-child relationship -Lack of commitments
	Non-family members	- Lack of trust in the successor - Conflicts between the successor in terms of power

Source: Author.

9.3.2 Nepotism

Nepotism refers to a manager's own preference for recruiting family members and thus discriminating against other non-family team members (Jaskiewicz et al., 2013). Nepotism is a common hiring mechanism in a firm if families have strong control over the firm; for example, in family-controlled firms (Chua, Chrisman and Steier, 2003; Chrisman et al., 2012). Some studies have shown that nepotism is detrimental to both the team and the organisation (Bloom and Van Reenen, 2007). The reason is that nepotism discriminates against and underestimates non-family team members. Jaskiewicz et al. (2013) propose a model to explain why some family firms can benefit from nepotism, while others do not. They find that family conditions need to be considered when choosing family members so that the firm can benefit from the generalised social exchange relationships. Although the phenomenon of nepotism has been discussed in the family business literature, empirical studies that specifically examine nepotism are still limited.

Jaskiewicz et al. (2013) further identify two types of nepotism: entitlement nepotism and reciprocal nepotism. According to their assumptions, entitlement nepotism refers to a situation in which firms hire family ties without the consideration of family conditions. This nepotism is dangerous and harmful to the firms (Pérez-González, 2006; Bloom and Van Reenen, 2007). In contrast, reciprocal nepotism refers to a situation in which firms consider family conditions (interdependence, previous interactions and the cultural norms that support obligations to family members).

Instead of categorising nepotism based on family conditions, this study divides nepotism into three different types: (1) successor nepotism; (2) schism nepotism (based on TMT member changes); and (3) proximity nepotism (based on the relationship between existing TMT members). One of the practices of nepotism is passing the firm's leadership to the CEO's next generation (Le Breton-Miller and Miller, 2006). Research on parental altruism, as discussed in the previous section, explains the fact that the preference for the next generation can harm firm performance (Schulze, Lubatkin and Dino, 2003). In this study, many interviewees have raised their concerns over the future successor of their company, and some of the companies have

already completed a transition of leadership. It has been argued that family-ties successors fail to manage TMTs in most cases and that this has resulted in resistance against the new leadership within TMTs. Figure 9.6 presents the dimensions of nepotism related to other faultline triggers.

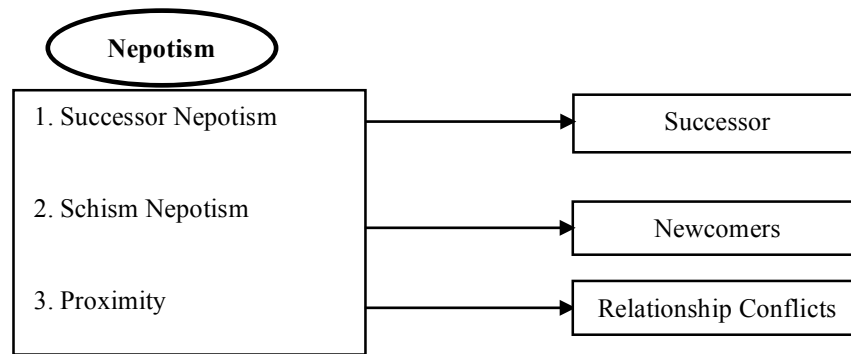


Figure 9.6 Nepotism Dimensions

Source: Author.

In situations where the family ties member is not the successor but only a new senior executive, tensions still occur. The existing senior managers expect newcomers to be motivated to act in the interest of the firm. However, familial bonds may create morale hazards within TMTs, such as perceptions of unfairness, different treatment and dissimilar workload. The case studies also indicate that this type of newcomer has privilege but makes a lower contribution to TMT performance. They perhaps slack off in their work and act as a free rider, but express voluble protests when other TMT members criticise their working styles. What is worse, the CEO tends to be reluctant to deal with tensions between non-family members and their relatives. The CEO may also react negatively by asking the non-family members to tolerate such a situation. Previous studies have also produced the same findings by arguing that altruism and nepotism by family CEOs cause the family members to become free riders (Schulze, Lubatkin and Dino, 2002).

In addition, non-family members may feel excluded and feel valueless in the firm if the CEOs are in favour of their family ties (Minichilli, Corbetta and Macmillan, 2010).

As is the case with successor nepotism, the promotion of family members in TMTs may cause fighting regarding the distribution of power. Non-family senior managers may also feel that their promotion path to the role of general manager or new CEO has been cut off. This perception is also found in the study by Chua, Chrisman and Sharma (2003), which proposes that non-family managers have a higher perception of their career progression being limited.

In the conflict management area, the study by Minichilli, Corbetta and Macmillan (2010) found that 'the coexistence of factions in family and non-family managers within the TMT has the potential to create schisms among the subgroups and consequently hurt firm performance' (p.205). Adding new members to established groups may trigger the possibility of old faultlines resurfacing (Lau and Murnighan, 1998). The newcomers will stay in a group whose members share similarities with them. Thus, the changes of composition within existing subgroups will result in significant changes to group dynamics. This study has found that nepotism acts as a catalyst and that it sparks controversy between the unrelated manager and family members of the CEO. The tension between subgroups may significantly affect the group's effectiveness and team cohesion. The findings clearly indicate that the approaches taken by the CEO are critical with regard to whether the tensions caused by nepotism will be exacerbated or lessened.

9.3.3 CEOs' Personal Intentions

Surprisingly, several CEOs have been found to be willing to see conflicts happen on a small-scale under his/her control. The primary motive of these CEOs is to restrict the power of other senior managers to challenge their power and dominant position in the TMT. It has been found that there are two passive approaches taken by CEOs that escalate conflicts. The first, and dominant, CEOs' intention is to ignore conflicts. According to the study by Smith et al. (2006), a TMT tends to perform better when the CEO has most of their power but can still incorporate different views. Some senior managers will form coalitions within organisations to impose their own preferences in the decision-making process (Greve and Mitsuhashi, 2007). The phenomenon of TMT

power concentration refers to a situation in which a small number of TMT members have excessive power. In accordance with their study, this research finds that CEOs tend to avoid the occurrence of TMT power concentration, as this may induce power struggles and challenge the CEO's dominant leadership.

Unequal power in a decision-making group is instrumental to group outcomes; for example, it may impede information changes (Foddy and Smithson, 1996). Less powerful members may not speak out about their concerns or may try not to be ignored if they express their concerns, thus leading them to be dominated by more powerful team members (Whyte and Levi, 1994). In addition, a long-term and dominant power concentration will impede the TMT in terms of its willingness to and likelihood of implementing strategic changes (Mitsubishi and Greve, 2004).

Consistent with this theory, TMTs with an issue related to concentrated power are more likely to shift from the original TMT goal because the most powerful individuals/subgroups may pursue their own interests and preferences. In the study by Greve and Mitsunashi (2007), power concentration may increase if a hierarchy exists between positions in the TMT. Besides the formal power derived from a functional position, TMT members acquire social capital through long tenure. Power concentration creates potential instability in the TMT's decision-making process. Based on the findings, this study shows that CEOs are aware of the problem of power concentration in subgroups; thus, they try to provoke the creation of other subgroups in order to balance the distribution of power. However, this is not the common approach taken by CEOs, as they admit that conflicts between subgroups will dramatically impede TMTs' group effectiveness.

9.4 Conflict Management Process

Marks, Mathieu and Zaccaro (2001) categorise the taxonomy of team processes as being comprised of a transition process, action process and interpersonal process. In their studies, conflict management is one of the dimensions of the interpersonal processes that occur throughout both the transition and action process. Working in teams provides an interpersonal context in which conflicts may occur and attempts to

manage them are made (Jehn, 1995). Marks, Mathieu and Zaccaro (2001)'s studies have defined two types of conflict management processes that can deal with or minimise conflicts within teams: pre-emptive conflict management and reactive conflict management. Recent research has started to explore more complex relationships among process, task and relationship conflict; suggesting that it may be essential to consider when each type of conflict occurs and how such conflicts can be resolved (Behfar et al., 2011).

Pre-emptive conflict management focuses specifically on reducing or controlling the nature of team conflict before it occurs (Marks, Mathieu and Zaccaro, 2001). The establishment of norms for cooperative, rather than competitive, approaches to conflict resolution (Tjosvold, 1998), team contracts or charters that specify a priori how team members agree to handle difficult situations, and the development of team rules and norms about the nature and timing of conflict, may be vehicles for curtailing the destructive aspects of conflict before they occur.

Maltarich et al. (2018) present a study of how early levels of conflict types (for example, task and relationship conflicts) affect the way in which teams approach the conflict management process. In such situations, the conflict management approaches moderate the relationship between later conflict types and performance. By including conflict management approaches as well as early and late measures of task and relationship conflict in the theoretical model, this study explores the antecedents of conflict management approaches and their effects on the overall conflict management process.

Previous research on conflict resolution mainly targets reactive conflict management. Li and Hambrick (2005) suggested that 'large demographic faultlines between factions engender task conflict, relationship conflict and behavioural disintegration-which, in turn, lead to poor performance' (p.794). This involves techniques for reducing or facilitating the conflict that has emerged during the team's performance cycle. Some techniques for reactive conflict management include the identification of the parameters of conflict between team members (Pace, 1990), problem-solving,

compromising, openness and flexibility and willingness to accept differences of opinion. Figure 9.7 provides a framework indicating how CEOs and TMTs as a group manage both conflicts and faultlines.

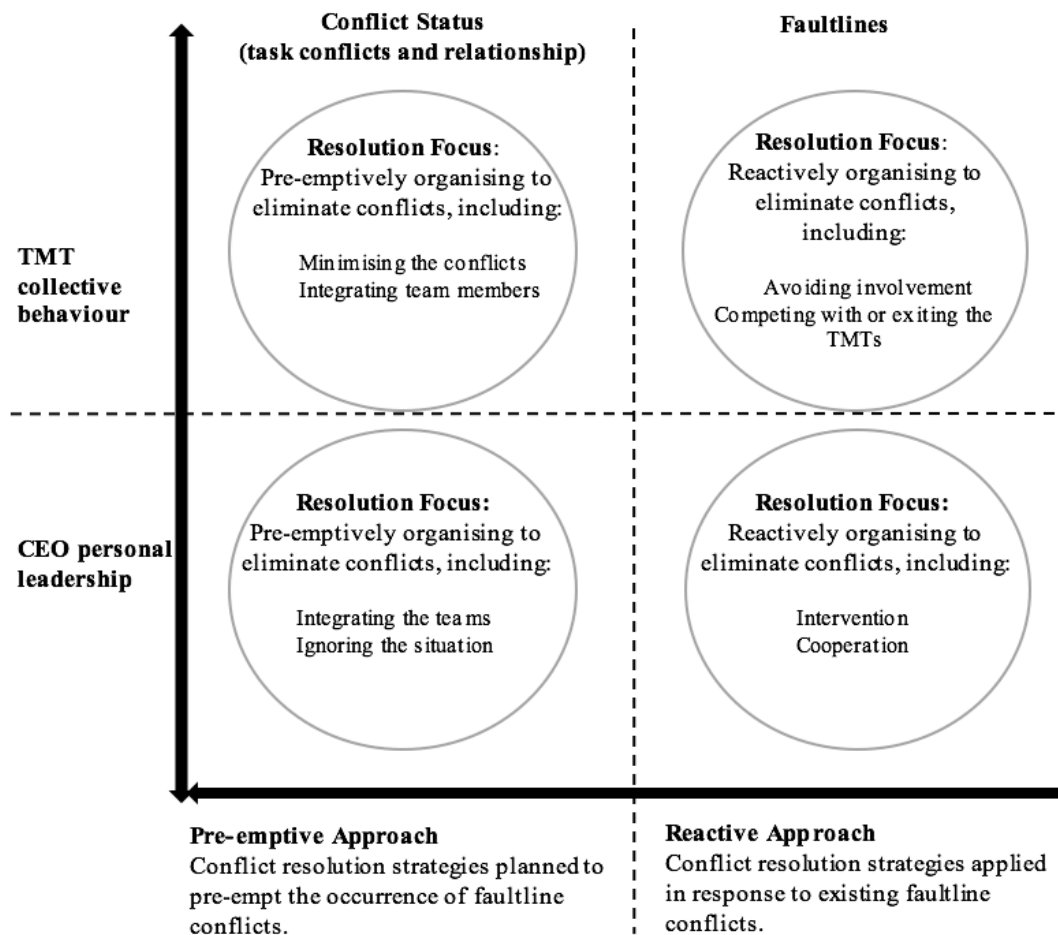


Figure 9.7 Top Management Teams’ Conflict Management Approaches

Source: Author.

9.4.1 CEOs’ Leadership Style

Most researchers have focused on of the TMT demography as a whole, without distinguishing between the CEO and the other TMT members (Peterson et al., 2003). The CEO-TMT interface has caught scholars’ attention. Researchers assume that CEOs may play a unique and decisive role in TMTs’ group performance and that the

CEOs' impact should be considered (Haleblian and Finkelstein, 1993; Papadakis and Barwise, 2002; Minichilli, Corbetta and MacMillan., 2010).

Team-oriented leadership is related to the impact of a leader who is responsible for, and has authority for, team performance. The CEO may adopt a particular, or a combination of, leadership styles on the presumption that their leadership behaviour will affect the TMT as a whole. The influence of CEOs' leadership behaviour on team outcomes has been intensively examined, and previous studies have argued that the actions and approaches taken by a CEO can contribute to or harm team performance and organisational outcomes (Peterson et al., 2003).

Previous discussions have acknowledged the importance of a CEO leadership style that prevents the emerge of faultline or activate faultlines. This study has identified different types of leadership styles when managing task conflicts, relationship conflicts and faultlines. Some of the approaches are pre-emptive methods and others are reactive methods by which to respond to faultlines. It is important to identify and define helpful versus harmful leadership behaviour in TMT group interactions and to examine leadership approaches or strategies for preventing faultlines or more severe conflicts from taking place in the workplace.

Overall, this research finds that CEOs' leadership is a critical ingredient in managing team conflicts, especially faultlines conflicts. In previous leadership literature, leadership is regarded as a key attribute that affects team processes (i.e., cooperation, coordination, cohesiveness, creativity processes, information sharing, problem management procedures, action strategies and team learning), emergent states (i.e., emotion, trust, efficacy, empowerment, team potency, team commitment and group satisfaction) and team/organisational performance (Sy, Côté and Saavedra, 2005; Srivastava, Bartol and Locke, 2006; Somech, 2006; Stashevsky and Koslowsky, 2006; Lee et al., 2010; Wang, Tsui and Xin, 2011; García-Morales, Jiménez-Barrionuevo and Gutiérrez-Gutiérrez, 2012; Braun et al., 2013). The pervasive assumption is that CEOs are valuable in managing conflicts if they act as coordinators (Zaccaro, Rittman and Marks, 2001).

Burke et al. (2006) classify leadership behaviour as being: (1) person-focused; for example, leadership behaviour focused on developing team members or maintaining the emotional satisfaction of the team; and (2) task-focused; for example, leadership behaviour focused on dealing with task accomplishment. In detail, four types of leadership behaviour can be categorised into person-focused leadership: transformational, confederation, empowerment and motivational. In contrast, three types of leadership behaviour can be categorised into task-focused leadership: transactional, initiating structure and boundary spanning. In terms of person-focused behaviour, transformational and consideration behaviour are positively related to perceived team effectiveness. Task-focused behaviour, including initiating structure and boundary spanning, are also positively related to perceived team performance. Team interdependence acts as a moderator of perceived team effectiveness.

Traditionally, leadership behaviour has been classified into two categories: transactional leadership and transformational leadership. Transactional leadership, as discussed by Burns (1978), mainly focuses on goal setting, clarifying relationship rewards and performance and providing feedback to teammates. In contrast, transformational leadership aims to develop a closer relationship between team leaders and other team members (Avolio, Bass and Jung, 1999). Introduced by Burns (1978), and later justified by the serious studies carried out by Bass (1985, 1990, 1997, 1999 with Steidlmeier), transformational leadership is referred to as a collective approach that takes individualised consideration, intellectual stimulation, inspirational motivation and idealised influence into account (Bass, 1997; McColl-Kennedy and Anderson, 2002). The following section will discuss the role of CEOs' leadership in pre-emptive procedures and reactive procedures respectively.

9.4.1.1 Leadership in Pre-emptive Procedures

In previous discussions, it has been found that the CEO may reduce task and relationship conflicts and thus prevent the formation of coalitions within potential subgroups. This study finds that in pre-emptive procedures, CEOs use mixed methods to deal with task conflicts and relationship conflicts. When TMT members are

suffering from task disagreements, CEOs will take an active approach to deal with task conflicts. When TMT members are suffering from interpersonal incompatibilities, such as tension, animosity and annoyance, CEOs may take different approaches. In the study by Zhang, Cao and Tjosvold (2011), transformational leadership promotes team coordination and team performance by affecting how team members manage the conflict. Their findings also indicate that if team leaders are transformational, the team will use a cooperative approach to deal with conflicts more often than a competitive approach.

When dealing with task conflicts, CEOs act in four different roles: arbitrator, coordinator, dominator and by-stander. It seems that all four leadership behaviours (arbitrating, coordinating, dominating and neglecting) may have a positive impact on the group's decision quality in the early stage of task conflicts. However, as disagreements continue within TMTs and if the CEO fails to neglect to address these conflicts, senior managers will change the focus from the task to a person/group, which may result in emotional dissatisfaction. In the context of this study, most Chinese managers acknowledge that the intervention of a tough CEO who takes a powerful approach is necessary at a specific point. In other words, the transactional leadership styles (arbitrating and dominating) are more effective when it comes to dealing with task conflicts.

In some cases, the CEOs' leadership approaches are similar to TMTs' group approaches when managing relationship conflicts. Some CEOs may take action to end interpersonal relationship conflicts. Most of the time, CEOs prefer to coordinate and alleviate the tensions between senior managers. However, there is an exceptional case when CEOs try to avoid and neglect to address the conflicts; that is, when they have personal ties (relatives or friends) with the involved managers. The issue of nepotism has been found to be a common issue that provokes tensions between family members and professional senior managers. What is worse, if CEOs fail to deal with the conflicts properly and fairly, especially in relationship conflicts, the CEOs' personal approaches may act as a catalyst that drives TMT members to polarise within TMTs from the original individual-based conflicts. Mendiratta and Flores (2016) further argue that the

CEO's formal authority and responsibilities place the CEO in a unique position when influencing how faultlines may affect strategic choices.

9.4.1.2 Leadership in Reactive Procedures

It has been clearly shown that CEOs may act in different roles when managing conflicts. A CEO's leadership approaches may sometimes be harmful to the group's performance; for example, dominating or avoiding may result in an acceleration in task conflicts/relationship conflicts transforming into faultlines. In another respect, if a CEO takes the initiative to integrate the TMT and detect and manage the task conflicts/relationship conflicts in the early stage, then he/she may alleviate the negative impact of the conflicts on group morale, cooperation behaviour and thus TMT group performance.

In reactive procedures, the CEO's personal and focused leadership behaviour are more likely to have an impact. Considering the inadequate rescue approaches taken by TMTs as a group, or CEOs' improper approaches in pre-emptive management procedures, it can be said that CEOs must act as a key component by which to control the direction of faultlines, which can be either minimised or aggravated. Otherwise, more a serious situation, such as group exit, will happen.

Previous studies have emphasised the critical position of the CEO in dealing with faultlines. Kunze and Bruch (2010) have suggested that transformational leadership can moderate the relationship between age-based faultlines and team production. In other words, transformational leadership is a positive context factor for faultlines that are formulated based on the age attribute. However, appropriate leadership styles, which lead to positive group dynamics, are studied in experimental settings more often than in a real business environment. In 2017, Georgakakis, Greve and Ruigrok (2017) first highlighted the crucial role played by a CEO in determining the effects of knowledge-based subgroups. Their study indicates that the negative effect of TMT knowledge-based faultlines could be mediated if the CEO has the skills and if their crosscutting personal characteristics act as a knowledge integrator.

It has been found that CEOs should deal with faultlines passively. In comparison with the approaches taken in pre-emptive procedures, CEOs should partake in tougher enforcement, such as punishment or even by dismissing the senior managers involved. The rationale for taking such actions is that the integrating and balancing approach is considered to be less effective when conflicts have escalated to a group level. Just as they should when faced with the nepotism problem, CEOs should deal with the faultline firmly to avoid the final collapse of the TMT.

Interestingly, several CEOs (only) prefer to play games in faultline conflicts and try to utilise the faultlines. It is their personal intention to find a balance of power within TMTs by which to ensure their leadership. However, this speculative leadership approach is not always implemented. If a TMT has suffered a certain number of faultline conflicts previously, the CEO will try to prevent the re-emerge of the subgroups through creating harmony and a fair working environment or try to train and promote internal team members. Table 9.3 summarises the leadership approaches taken by CEOs when managing conflicts.

Table 9.3 CEOs' Leadership Approaches

	Dominating/ Arbitrating	Balancing/ Coordinating	Utilising/ Integrating	Avoiding/ Neglecting
The CEO's objectives	Manage the conflict process	Create harmony and avoid conflicts	Take advantage of specific conflicts to increase work morale	Ignore the current situation
Relevant leadership style	Transactional	Transformational	Transformational	Transactional
When the style works best	Pre-emptive reactive	Pre-emptive	Pre-emptive	N/A
The overall impact on TMTs	Positive	Positive	Positive	Negative

Source: Author.

9.4.2 Top Management Teams' Group Behaviour

In order to explore how team processes such as collaboration and collective group behaviour affect decision quality, previous research has proposed a number of constructs of group dynamics including team cohesion (Barrick et al., 2007), group

conflicts (Li and Hambrick, 2005), communication (O'Reilly, Snyder and Boothe, 1993; Smith et al., 1994) and shared strategic cognition and consensus (Ensley and Pearce, 2001). By developing an understanding of group behaviour and the group dynamics of change, Barrick et al. (2007) stated that a firm performs better if the Top Management Team is more cohesive and communicative. Boone and Hendriks (2009) found that three team mechanisms (collaborative behaviour, information exchange and decision-making decentralisation) influence firm performance. In addition, TMTs' cooperative behaviour (collaboration and information exchange) also increases their expertise's effect on decisions, but it impedes the effect of similarity with the CEO (Buyl, Boone and Hendriks, 2014).

Top Management Teams can gain the benefits of task (cognitive) conflict while the relationship (affective) conflict is restrained (Amason, 1996). Ensley and Pearson (2005) explored each of the behavioural dynamics and specifically supported the fact that TMTs in family firms have more effective behavioural dynamics than TMTs in non-family firms. Reliability, trust, engagement and the willingness to engage in teamwork are very important characteristics of the relationship between the managers.

Li and Hambrick (2005) first examined the role of behavioural (dis)integration as an intervening mechanism between group conflicts and team performance. They found that only relationship (affective) conflict engendered behavioural disintegration, thus leading to poor performance. A more integrated team that engages in better quality and infrequent communication within TMTs facilitates group work, since less communication results in fewer conflicts (Smith et al., 1994; Mooney and Sonnenfeld, 2001). The study by Mooney, Holahan and Amason (2007) also found that task conflict could contribute to affective conflict and that behavioural integration can mitigate this tendency. Later, Carmeli and Halevi (2009) proposed three dimensions of group integration, including information sharing, collaboration and joint decision-making.

By developing an understanding of group behaviour and the dynamics of change, this study explores the actual mechanisms by which TMTs' group behaviour has an effect

on the conflict management process and TMTs' group outcomes. This research studies involvement issues in the conflict management process to explore whether TMTs as a group can use collaboration and collective decisions to deal with emerging conflicts in the group decision-making process.

9.4.2.1 TMT Group Behaviour in Pre-Emptive Procedures

Consistent with previous findings, early relationship conflict is here found to be related to competitive and cooperative conflict management approaches. However, the results provide evidence of the fact that relationship conflict may be less detrimental to group performance if team members adopt a cooperative conflict management approach; for example, through effective communications. The findings contradict the data presented by Maltarich et al. (2018), who argue that relationships are more detrimental to performance if the team use a cooperative conflict management approach.

The findings show that TMTs expend great efforts when jointly and positively managing task conflicts and relationship conflicts in the pre-emptive stage, when compared to their limited and passive approaches in the reactive stage. TMT members are more open to task conflicts and more likely to tolerate task conflicts that happen in their group's decision-making process. These findings are in line with current literature, which finds that task conflicts are beneficial to team performance. The Top Management Teams that participated in this study regard their approaches to dealing with task conflicts as being positive.

In contrast, TMT groups may encounter a difficult position when managing relationship conflicts. It has been argued that relationship conflicts can be solved in a cooperative way (Chen, Liu and Tjosvold, 2005). However, the cooperative approach may not a magical solution that can eliminate relationship conflicts entirely. De Dreu and Van Vianen (2001) have found that collaborating and contending approaches to relationship conflicts will distract team members' attention from their tasks. The avoiding approach is more functional in that it allows team members to focus on the tasks only.

Since relationship conflicts are interpersonal and emotional disagreements with team members, those who are not involved in the conflicts may try to mediate the awkward situation. Some TMT members may choose to ignore the relationship conflicts if their anger and dissatisfaction have not been ignited. The remaining TMT members may not even have realised the situation because some types of relationship conflicts are unspeakable and happen on a small scale, thus not resulting in poor group performance.

In another form of relationship conflict, which is related to personal ties, the cooperative conflict management approaches can vanish. In this situation, some senior managers will still try to avoid or neglect this kind of relationship conflict. The reason why they hold a neutral position may be that the team members involved in the conflict are more closely connected, and some of them may be a relative/friend of the CEO. Aside from the bystanders in TMTs, competitive conflict management approaches are taken by the remaining involved senior managers.

In the findings, it has been shown that TMT group behaviour (see Figure 9.8) in preemptive procedures may not be the main factor that accelerates the severity of both conflicts, despite the fact that TMT group behaviour does have a predominant influence on easing task conflicts and relationship conflicts. As discussed earlier, it is the CEO's personal leadership style that exacerbates these conflicts and transforms them into faultlines.

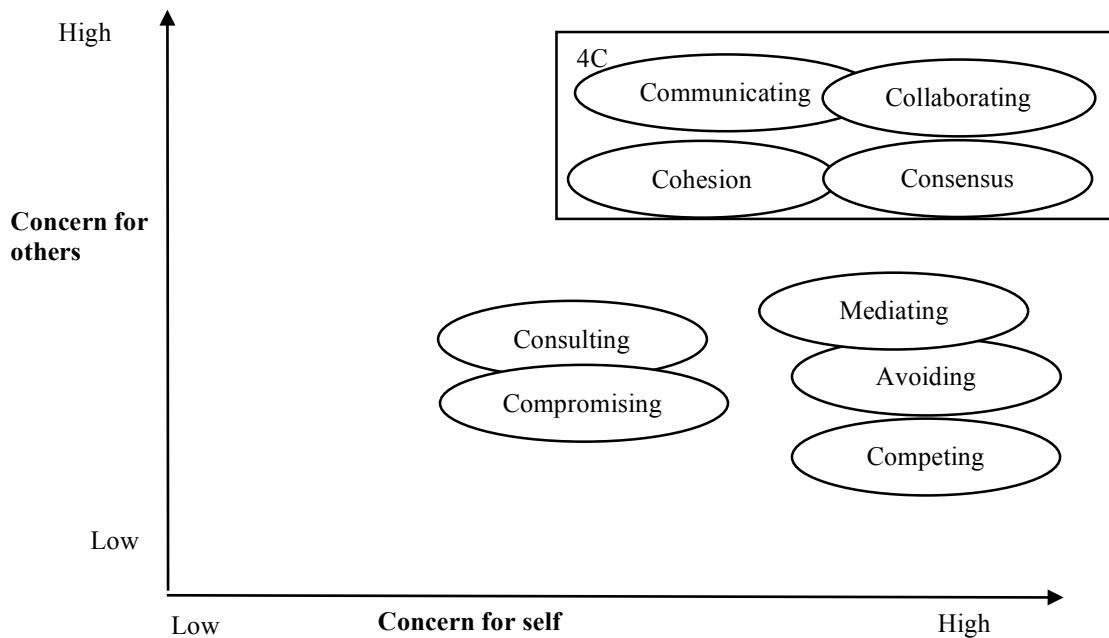


Figure 9.8 TMTs' Group Behaviour in Pre-Emptive Procedures

Source: Author.

Another issue explored in this study is that when conflicts happen in pre-emptive procedures, Top Management Teams may choose to seek advice from external consultants. However, not all Top Management Teams will seek advice and the approach is only taken when senior managers are managing the task conflicts. A study by Alexiev et al. (2010) indicates that TMTs' external advice-seeking behaviour is an important determinant for firms pursuing innovation. This study also supports the fact that external advice-seeking behaviour may help TMT members to solve task conflicts more efficiently.

9.4.2.2 TMTs' Group Behaviour in the Reactive Procedures

It has been argued that TMT group members, excluding the CEO, have a lesser impact when managing activated faultlines when compared to the CEO's leadership practices. The rationale is: (1) some of them may be involved in specific kinds of subgroups and affected by factional faultline conflicts; (2) for personal reasons, they are not willing

to become involved in these conflicts due to the fact that subgroups may take united actions; and (3) they think the CEO is responsible for managing the issue. For the first reason, as stated above, some executives—and especially general managers—may have to implement approaches to actively deal with the faultline conflicts. For example, some senior managers argue that subgroup conflicts are not related to them so they need to avoid becoming involved in these kinds of troubles. Some managers choose to tolerate such a situation, and especially in nepotism related conflicts. Other managers may express their opinions, but the CEO does not take any actual action.

The findings are consistent with the previous arguments on how people handle interpersonal conflicts (Thomas and Kilmann, 1976). This study further extends the existing dimensions to group-level faultline conflicts. Previous studies focus on the approaches by which to manage interpersonal conflict, which is a general category that may include relationship conflicts and other types. Instead of exploring the interactions between individuals, this research focuses on subgroups, which means that the interactions have expanded to the group level. In this way, the impacts of individual differences may be weakened by group-level consensus. The impacts of different subgroups, each of which is composed of individuals who share similarities, are the focus of this research.

Compared with TMTs' group behaviour in pre-emptive procedures, some senior managers react negatively to the faultlines. Instead of taking measures to integrate the team members, the majority of senior managers choose to avoid or neglect the faultlines, or to compete with other subgroups, which will result in member changes and group exit. Figure 9.9 summaries TMTs' group approaches to faultlines.

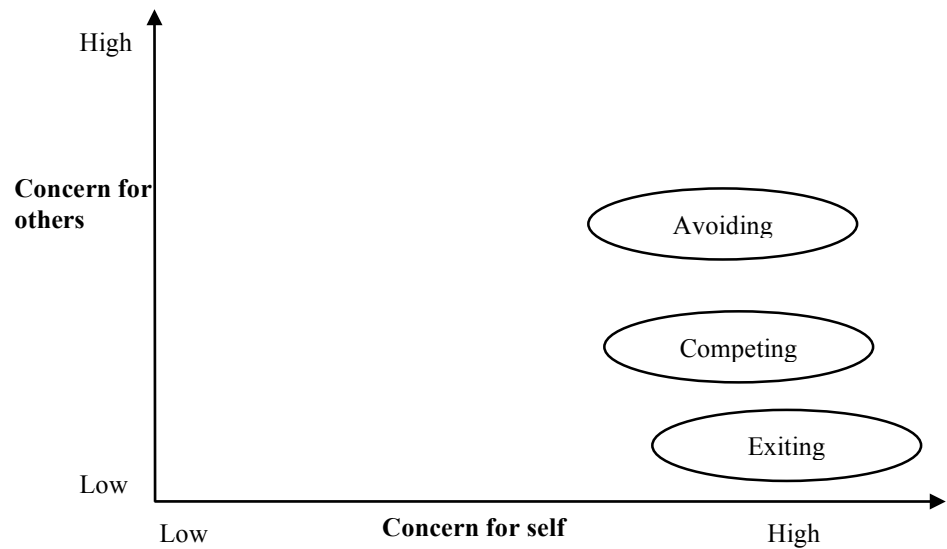


Figure 9.9 TMTs' Group Behaviour in Reactive Procedures

Source: Author.

9.5 Conclusions

This chapter presents the approaches and actions taken by Top Management Teams and CEOs towards conflicts. Using a process perspective, this study indicates how early levels of conflict types affect conflict management approaches and how these conflict management approaches affect later levels of conflict types; namely, faultlines. In addition, this study distinguishes CEOs' leadership approaches from TMTs' group approaches when managing conflicts. This chapter also examines the CEO-TMT interface by arguing that CEOs may act in a distinctive role when managing group conflicts.

Chapter 10. Conclusions

10.1 Integrating Framework

The study reviews the theories underpinning diversity research, by analysing the conflict management process. Team diversity is a complex input factor in team effectiveness models, with studies finding that diversity is beneficial, detrimental or that it has no direct impact on team processes, states and performance (Horwitz and Horwitz, 2007). Overall, four dimensions are explored in this study: faultline types, faultline transitions, faultline triggers and the conflict management process, which is composed of pre-emptive procedures and reactive management procedures. It can be summarised that this study investigates the conflict management process from three triadic dimensions: behavioural interactions, relationship and emotion and management approaches. Figure 10.1 shows the theoretical framework of this study.

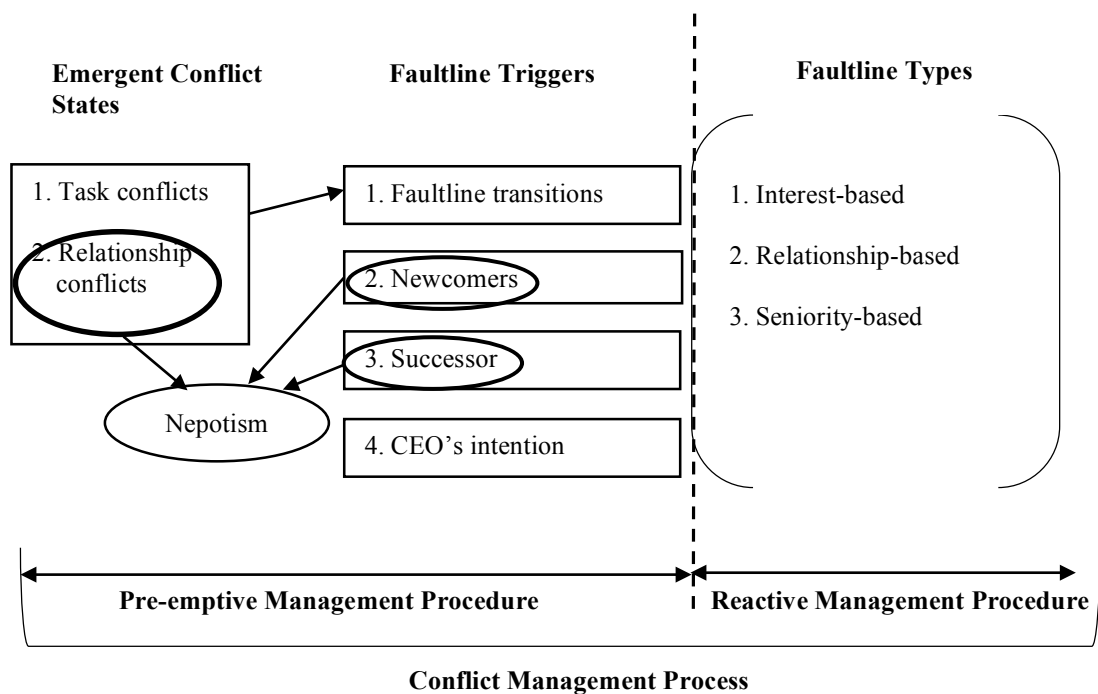


Figure 10.1 Integrating Framework for Faultline Types, Transitions, Triggers and Process Management

Source: Author.

The purpose of this study is to examine TMTs' behaviour in the conflict management process. It explores how conflicts are initiated, especially faultline conflicts; how senior managers deal with such conflicts at the corporate level; and how CEOs react to these conflicts using leadership approaches. This study combines conflict management, faultlines and Top Management Team research to develop a theoretical framework for the conflict management process. By developing a typology of triggers that activate faultlines and cause team members to polarise in TMTs, this study identifies what the specific situations are in which faultlines are involved and how senior managers polarise based on their different interests and roles. By regarding conflict management as a dynamic process, this research explores pre-emptive procedures that prevent faultlines from emerging and the reactive approaches by which to deal with faultlines within TMTs. The findings provide empirical support for the triggers that can either strengthen or weaken intraorganisational subgroup faultlines in the conflict management process. This chapter also presents the implications for diversity research, conflict management research and faultline research. The implications for practice, limitations and future research are also included at the end.

The chapter summarises conclusions which are drawn from three research questions as below:

RQ1: How do existing conflict states transform into faultlines in Top Management Teams?

RQ2: What organisational characteristics and events will activate faultlines that cause senior managers to polarise in Top Management Teams?

RQ3: What are the interactive effects of pre-emptive (early stage) and reactive (late stage) approaches taken by Top Management Teams and CEOs in the conflict management process?

10.2 Answer to Research Question 1

The first research question examines the relationship between existing conflicts (i.e., task conflicts and relationship conflicts) and faultlines. It answers under which conditions task conflicts and relationship conflicts can result in faultlines in TMTs.

Consistent with previous task conflict studies, the research categorises three different types of task conflicts: disagreement around products and market design, disagreement around unclear role responsibility and disagreement around resource allocation. This study also extends the definition of relationship conflicts, which have previously been defined as disagreements and incompatibilities among team members about personal issues that are not task related. In addition to examining the interpersonal conflicts that lead to disharmony, this study further explores another dimension called nepotism. This study categories faultlines into three different types: interest-based faultlines, relationship-based faultlines and seniority-based faultlines.

The findings indicate that task conflicts can be transformed into interest-based faultlines; however, task conflicts are not always transformed to faultlines when compared with relationship conflicts. For example, one of the task conflicts is disagreement over a decision promoted by TMT members that has no subsequent negative impact. In other cases, some senior managers may push the work responsibilities to other departments. In addition, disagreements around resource allocation that occur within different departments, for example, in relation to the allocation of capital, also deteriorate into tasks conflicts. These two types of conflicts are not beneficial to TMTs' performance and may result in subgroups in Top Management Teams. As a result, they can be transformed into interest-based faultlines when members of TMTs seek support from other senior managers. In comparison with previous research, this study has not found a strong correlation between task conflicts and relationship conflicts.

The findings confirm that relationship conflicts can be transformed into faultlines. One of the relationship conflicts is dissatisfaction with other senior managers; for example, in terms of working styles and personality. This study finds that if senior managers are

very dissatisfied with other executives in Top Management Teams, some radical managers may find other senior managers to act as supporters in order to push people aside in the Top Management Team decision-making process. In this situation, the people being expelled also try to form an alliance within the team.

Another relationship conflict found particularly in Chinese organisations is within the interpersonal networks based on kinship and friendship. CEOs are more willing to trust their relatives to be a financial director, while other senior managers also trust their relatives or friends. Demographic homogeneity may cause a sympathy in values and behaviour, especially for the people who were friends previously or who are relatives, and they tend to form sub-groups in TMTs. The relationship conflicts related to relationship ties, and especially those between relatives, will destroy team cooperation and greatly affect team morale, as well as resulting in the emergence of subgroups.

10.3 Answer to Research Question 2

The second research question explores the other reasons, except for active conflicts within TMTs, that can be transformed into faultlines. It identifies the specific changes or situations that cause senior managers to polarise and form subgroups. This study's new typology of faultline triggers consists of legitimising events (e.g., newcomers and succession), personal intention and nepotism. These drive TMT members to form different types of faultlines.

The movement of TMT members is one of the aspects that force TMT to polarise. Recruiting new senior managers instead of implementing internal promotion activates faultlines. This is because the arrival of a newcomer causes a sense of unfairness and imbalance felt by existing senior managers. This study also finds that the promotion of a newcomer affects the sense of belonging felt by existing senior managers. It has been argued that many newcomers try to establish harmonious working and interpersonal relationships. However, a newly appointed senior executive in a critical and powerful role, such as that of general manager, causes widespread dissatisfaction among current TMT members, especially in those who failed to get the position. It

also results in a new round of struggle for power in the form of faultlines. As a result, this legitimising event is detrimental to team morale and team performance. This study also confirms that faultlines caused by newcomers result in member exit. The members who exit include the expelled newcomers who fail to adapt to Top Management Teams and the previous senior managers who are unsatisfied and want to remove themselves from a problem by exiting the group.

The issue of succession is another trigger that provokes fights for power and results in faultlines. Such conflicts occur between new CEOs or senior managers, who are hired by the new CEO, and the founding members who have worked with the previous CEO for a long time. Faultlines are extremely detrimental to TMT cohesion when a new CEO is recruited from outside organisations instead of being promoted internally (this is referred to as newcomer concern). The findings indicate that when the successor is the child of the previous CEO, relationship-based faultlines and seniority-based faultlines coexist as the legitimising succession is related to so-called 'parental altruism'.

The issue of nepotism leads to faultlines within TMTs because family members may discriminate between and underestimate non-family team members. This study divides nepotism into three different types: (1) successor nepotism; (2) schism nepotism (newcomers or member exit) and (3) proximity nepotism (based on the relationship between existing TMT members). Familial bonds create morale hazards within TMTs, such as the perception of unfairness, different treatment and workload. What is worse, CEOs are reluctant to deal with the tensions between non-family members and their relatives. In most cases, CEOs react negatively by asking non-family executives to tolerate such a situation. Altruism and nepotism turn family members into free-riders when they work with other professional senior managers. Non-family members feel that they are being excluded and valueless in TMTs if CEOs favour their family ties. The findings clearly show that the approaches taken by CEOs are crucial to the issue of whether tensions caused by nepotism will be exacerbated or lessened.

Surprisingly, this study finds that several CEOs are willing to see conflicts happen on

a small-scale under his/her control. Their primary concern is that the power of other senior managers does not challenge their own power and dominant position in TMTs. This research argues that CEOs are aware of the power concentration gathered in a subgroup within TMTs; thus, they are intent on creating other subgroups in order to maintain a balance in the distribution of power. However, this is not the common approach taken by all CEOs, as most of them acknowledge that conflicts between subgroups dramatically impede TMTs' group effectiveness.

10.4 Answer to Research Question 3

The third research question examines the effects of pre-emptive and reactive procedures for dealing with faultlines on TMT effectiveness. The findings indicate that CEOs' leadership is crucial in managing team conflicts, especially when it comes to faultline conflicts. It has been found that CEOs' leadership can alleviate task and relationship conflicts and prevent the formation of coalitions within potential subgroups. In pre-emptive procedures initiated when task disagreements exist, CEOs should take a cooperative approach to deal with task conflicts. This study summarizes four different roles that CEOs act in when dealing with task conflicts; namely, arbitrator, coordinator, dominator and by-stander. All these four leadership behaviours (i.e., arbitrating, coordinating, dominating and neglecting) have a significant impact on group decision quality. If CEOs continue to neglect these conflicts, the focus of conflicts will change from the content of tasks to personal behaviour, which results in emotional dissatisfaction.

This study proposes that there should be strong intervention from CEOs when it comes to managing relationship conflicts. A combination of transactional leadership (i.e., arbitrating and dominating) and transformational leadership (i.e., coordinating) are effective when dealing with interpersonal incompatibilities, such as tension, animosity and annoyance. CEOs should take the initiative to integrate TMT members and to detect and manage the task /relationship conflicts in the pre-emptive stage. Only in this way can CEOs alleviate the negative impacts of conflicts on TMTs' team morale, TMTs' cooperative behaviour and TMTs' group performance. However, there is an

exceptional case when CEOs try to avoid and/or neglect conflicts in the pre-emptive stage due to the fact that they have personal ties (i.e., they are relatives or friends) with the involved managers. The issue of nepotism has been found to be a common issue that provokes tensions between family members and professional senior managers. What is worse, if CEOs fail to deal with the conflicts between the two parties properly and fairly, especially in relationship conflicts, TMT members will polarise within TMTs. This will result in further deterioration in addition to the original individual based conflicts.

The findings also show that TMT groups expend great efforts in managing task conflicts and relationship conflicts jointly, when compared with their limited impact in the reactive stage. Senior managers are more tolerant of task conflicts but encounter many obstacles when trying to mediate in relationship conflicts. However, their cooperative approaches may not be magical solutions that can eliminate the relationship conflicts entirely. For example, some senior managers choose to ignore relationship conflicts as they are not involved in them. Others may not even realise that such a situation exists because some types of relationship conflicts are unspeakable and happen on a small scale and do not result in significantly poor group performance.

When relationship conflicts are related to personal ties, TMTs' cooperative conflict management approaches can vanish. In this situation, some senior managers will still try to avoid or neglect to address these conflicts. The reason why they remain neutral is that the team members involved in these conflicts are closely connected and some of them are the relatives or friends of the CEOs. As a result, the silent members do not want to be targeted by any subgroup. Aside from these bystanders in TMTs, other senior managers who are involved in the faultlines implement competitive conflict management approaches.

Overall, TMT group behaviour in pre-emptive procedures is not the main factor that accelerates the severity of task and relationship conflicts, despite the fact that TMT group behaviour does have a predominant influence on easing task relationship

conflicts. As discussed earlier, it is the CEOs' personal leadership style that exacerbates these conflicts and transforms them into faultlines.

Compared with TMT group behaviour in pre-emptive procedures, senior managers hold negative attitudes to subgroups and have a limited effect on managing faultlines. Instead of implementing approaches by which to integrate other team members, the majority try to avoid or neglect to address faultlines or compete with other subgroups. This will result in member changes and group exit at the end. Instead of taking action, TMTs only express their reflections to CEOs. In nepotism-related conflicts in particular, many senior managers tolerate the current situation in order to avoid getting involved in these issues. The rationales for these limited effects are: (1) Some of them may be involved in specific kinds of sub-groups and affected by factional faultline conflicts; (2) in terms of their personal concerns, they may not be willing to become involved in those conflicts, since sub-groups may take united actions; and (3) they think that the CEO is responsible for managing faultlines.

In contrast, CEOs' personal leadership is more effective compared with TMT group approaches in the reactive stage. In relation to TMTs' inadequate rescue approaches or CEOs' improper leadership in pre-emptive procedures, CEOs should act as a key component in controlling the directions of faultlines. Otherwise, TMTs will suffer from more serious situations, such as group exit. In comparison with the approaches taken in pre-emptive procedures, CEOs should partake in tougher enforcement, such as punishment or even by dismissing some senior managers. Integrating and balancing approaches are less effective when conflicts have escalated to a group level. Just as they should when faced with the problem of nepotism, CEOs should deal with the faultlines firmly in order to avoid collapse within TMTs. Interestingly, only a few CEOs enjoy playing games between different subgroups and trying to utilise faultlines. It is their personal intention to aim to find a balance of power within TMTs by which to secure their leadership and authority.

10.5 Implications for Theory

Research is needed to examine executive groups, rather than individuals, in order to get a better understanding of organisational performance (Hambrick, 2007). This research has sought to shed light on the importance of group dynamics by focusing on TMTs' and CEOs' practices in dealing with group conflicts. An emerging area of conflict management research relevant to TMT functioning and TMT performance is the presence of subgroups and faultlines.

10.5.1 Implications for Diversity Research

In diversity research, many studies have analysed the distribution of personal attributes among interdependent members of a team (Harrison et al., 2002; Joshi and Roh, 2009; Homan et al., 2010; Bell et al., 2011; O'Neill and Allen, 2011). Studies of diversity attributes have explored the different dimensions of demographic differences within team members. For example, differences in age and tenure (Jehn and Bezrukova, 2004) are regarded as being beneficial to team performance. In contrast, race, ethnicity, gender, age, tenure and education (Jackson, Joshi and Erhardt, 2003; Kirkman, Tesluk and Rosen, 2004; Li and Hambrick, 2005; Balkundi et al., 2007) have all been found to be detrimental to team processes (i.e., relationship conflicts), emergent states (i.e., empowerment and organisational commitment) and team performance.

Many studies have discussed the significant impact of the demographic characteristics of team members on team performance. More studies are needed to discover the complex interactions among these diverse demographic attributes. For example, Jackson and Joshi (2004) take the social context into account and find evidence of a three-way diversity interaction. When considering a combination of different diversity attributes, for example, differences within demographics and previous experience, team members' individual perception, team behaviour and team performance may be different.

Thus, the focus of this research changes from analysing individual-level dynamics, which explore personal impacts and characteristics, to analysing group-level dynamics,

which explore behavioural interactions between diversified team members and subgroups. The analysis of different levels involving individuals (i.e., senior managers and CEOs) and TMT groups makes diversity research more integrated and dynamic in comparison with studies that examine the impacts of the behaviour of isolated individuals in Top Management Teams.

In addition, many actions that occur inside the so-called 'black box' of organisational demography are still unknown (Lawrence, 1997). This study investigates the different types of conflicts that are triggered by the differences between individuals in organisations. The findings further illustrate the impacts of the different dimensions of subgroups' attributes and explain how these differences affect team behaviour (i.e., conflicts and cooperation). Since the impacts of such diversities on team performance have not yet been proven, current studies aim to figure out the diversity-performance relationship by analysing the mediator impacts. This study investigates team conflicts as a consequence of diversity and further acknowledges that diversity can negatively affect team performance and lead to tensions.

10.5.2 Implications for Conflict Management Research

Effects of Conflicts. The results provide many insights into conflict management research. Previous studies demonstrate that there are three types of conflicts: task, relationship and process conflicts. The findings are consistent with previous literature stating that task conflicts are beneficial to group decision-making quality, consensus and affective acceptance among TMT members and that they are generally associated with positive organisational outcomes (Amason, 1996; Jehn and Mannix, 2001). The internal cohesiveness within different groups is also enhanced. The results indicate that relationship conflicts, such as incongruous communication styles and strong characteristics, result in dissatisfaction in TMT members. The results support the findings of Simons and Peterson (2000), who proposed that relationship conflicts limit information processing, increase group members' stress and anxiety levels and encourage antagonistic attributions for other senior managers' behaviour.

Conflict types. This study examines another conflict type; namely, factional faultline conflicts, and uncovers the connections between conflicts. Previous studies have examined the interactions among the conflict types by examining conflict transformation (Simons and Peterson, 2002; Mooney, Holahan and Amason, 2007; Martínez-Moreno et al., 2012; Camelo-Ordaz, García-Cruz and Sousa-Ginel, 2015). Their findings show that task conflicts will trigger relationship conflicts under the influence of mediators (i.e., emotion, behavioural integration and conflict resolution). However, this study does not find a clear transformation pathway in the two conflicts. Instead, the findings indicate that these two conflicts will be transformed and escalate to the third conflict type: faultline conflicts. The mediators are regarded as faultline triggers, and they are related to the early-stage intervention approaches taken by CEOs individually and TMTs jointly.

Conflict management process. De Wit, Greer and Jehn (2012, p.375) argue that “the temporal patterns within groups over time in terms of conflict types and performance” need further research. In addition, the timing of conflicts can also have an impact on group/organisational outcomes (Farh, Lee and Farh, 2010). Maltarich et al. (2018) emphasise the need to understand members’ interactions that are aimed at dealing with task conflicts and interpersonal disagreements in a state-process perspective. However, their most recent study only examines two stages of conflict types (i.e., task conflicts and relationship conflicts) and one stage of conflict processes. This research extends their study by exploring the impacts of conflict processes, specifically the impact of conflict management approaches on conflict states, task conflicts, relationship conflicts and faultlines. Since their study only focuses on management approaches in the early stage of conflict states (i.e., task conflicts and relationship conflicts), this research advances the empirical model by integrating the late stage of conflict states (i.e., faultlines) and explores how team members react to them.

Many studies have produced contradictory findings regarding the relationship between conflict management approaches and conflict types (DeChurch and Marks, 2001; Chen, Liu and Tjosvold, 2005; Greer, Jehn and Mannix, 2008; Maltarich et al., 2018). For example, DeChurch and Marks (2001) regard conflict types and conflict

management approaches as causally unrelated constructs that interact with each other in teams. Greer, Jehn and Mannix (2008) regard conflict management approaches as the reductions in conflicts over time, instead of focusing on processes. Maltarich et al. (2018) suppose that conflict types and conflict management approaches have a reciprocal causal link, which causes changes within teams through team interactions. This study explores the interactive and dynamic mechanisms that exist between conflict types and the conflict management process. The findings indicate that there is a strong connection between conflict management approaches and conflict types. In the findings, conflict management approaches in the pre-active (early) stage can act as either activators or deactivators of faultline conflicts. Conflict management approaches in the reactive (late) stage will directly affect team performance.

TMT conflict management approaches. This study explores the management mechanisms implemented when Top Management Teams deal with group conflicts in order to improve group performance and decision quality. Previous studies emphasise the presence or absence of conflicts in diversified TMTs (Chen, Liu and Tjosvold, 2005) and examine how conflicts affect group decisions and organisational performance outcomes. The settlement mechanisms, however, are less developed. By regarding conflict management as being process-based, this study proposes several dimensions of groups' managerial practices. The approaches taken by a TMT group is critical. The findings are not consistent with previous studies, which state that avoiding conflicts is prevalent and culturally appropriate for Confucian culture in China (Kirkbride, Tang and Westwood, 1991). In contrast, TMTs are engaged in managing task and relationship conflicts. Their group approaches positively affect group dynamics in pre-emptive procedures. The findings support the arguments of Chen, Liu and Tjosvold (2005) about cooperative conflict management promoting productive conflicts and increasing TMTs' effectiveness when faultlines occur.

CEOs' leadership. The findings acknowledge the importance of CEOs' leadership practices. Four different moderating roles of CEOs are explored when managing faultlines. CEOs use similar approaches to TMTs to prevent relationship conflicts from transforming into faultlines. Instead of focusing on the problems only, CEOs hold a

broader view and advocate for a harmonious working environment as well. This study has intriguing results about how CEOs deal with factional faultline conflicts. Some CEOs are strongly against such sub-groups, whereas others take advantage of these conflicts and strike a balance between different sub-groups.

10.5.3 Implications for Faultline Research

Factional faultlines conflicts occur when TMTs subdivide into several interest groups during the decision-making process. Ever since Lau and Murnighan (1998) first introduced the idea of faultlines, literature on faultlines has remained limited. The current findings are in line with Li and Harmbirck (2005), who argue that factions engender task conflict, relationship conflict and behavioural integration. This study addresses emerging debates on the necessity of differentiating between different types of faultlines (Van Knippenberg et al., 2010) by categorising three types of faultlines (i.e. interest-based, relationship-based and seniority-based faultlines) based on demographic variables and non-demographic variables.

Faultline transformation and evolution. The findings indicate that when tensions occur in the workplace and cause faultlines to crack open, the ensuing conflicts can escalate to the point that they create a challenge for organisational leaders and have an impact on team performance. Therefore, the findings support the arguments of Polzer et al. (2006), who suggest that the activation of faultlines depends on whether features of the context in which a group operates highlight the faultline. The focus of this study is not only on the context of transformation, from a process management perspective, but also on examining the knock-on effects of such transformations on other types of conflicts. The findings show that relationship conflicts will be transformed into relationship-based faultlines. In contrast, task conflicts are found to not always transform into faultlines.

Faultline triggers. Until now, researchers have not yet understood the full complement of faultline triggers, which would enable scholars to explore whether there are differences among groups with faultlines that are dormant, faultlines that are active

and faultlines that started out as dormant and were triggered to become active (Thatcher and Patel. 2012). This study has made much progress in investigating the attributes of faultlines' composition, providing theoretical arguments that underline the effects of faultlines and defining aspects of faultline activation. By studying faultline triggers in depth, this research discusses what exacerbates or mitigates faultlines. By bridging the existing conflicts (i.e., task conflicts and relationship conflicts) with faultlines, this research explores the specific situations that cause conflicts to transform into faultlines. The typology of faultline triggers (i.e. management approaches, newcomers, succession and CEOs' intention) examines the different dimensions that activate faultlines, which includes existing conflicts, events and personal characteristics, together with CEOs' leadership style and organisational characteristics.

Member entry and exit. New member entry into teams has been found to be another trigger that activates faultlines. Lau and Murnighan (1998) were the first to argue that newcomers in leadership roles may activate faultlines. Consistent with their findings, this study also finds that recruiting new members may lead to dissatisfaction among existing team members and that it is detrimental to team cohesion. This study categorises a legitimising newcomer event into two situations: recruiting new senior managers and recruiting new CEOs. The findings acknowledge that both situations can provoke a fight for power, thus resulting in either relationship-based or seniority-based faultlines. This study particularly stresses that the most destructive impacts of a successor occur in cases where the successor is a relative of the CEO. Tensions between family executives and non-family executives activate the dormant faultlines, and the two parties will fight for power distribution. In addition, this study also finds that conflicts caused by newcomers may force some members to leave their current job.

Nepotism. Previous studies have overlooked the importance of the family of senior managers, with the exception of the studies carried out by Ensley and Person (2005) and Minichilli, Corbetta and MacMillan (2010). This study recognises the significance of the involvement of CEOs' family members in TMTs and introduces the idea of

nepotism. The findings show a tendency towards nepotism in the participating companies and argue that although so-called 'altruism' may promote a close bond, the self-control pattern may engender other conflicts, such as faultlines. Instead of categorising nepotism based on family relationships, this study divides nepotism into three different types: (1) successor nepotism; (2) schism nepotism (based on TMT member changes); and (3) proximity nepotism (based on the relationship between existing TMT members). The findings indicate that the relationship-based faultlines caused by nepotism are detrimental to TMTs' group harmony and collaboration and that they result in irretrievable losses; for example, senior managers' departure.

CEO-TMT interface. Progress has also been made in assessing the impact of group faultlines on the variables of intragroup conflicts, group performance and group satisfaction. This study investigates the effects of faultlines on group-level processes and outcome variables, as well as individual outcomes. This study investigates the CEO-TMT interface at the intersection of faultlines and leadership. The findings distinguish between the impacts of the CEO and the other TMT members on the conflict management process. In this study, CEOs have been found to play a unique and decisive role when dealing with faultlines in the reactive stage.

10.6 Implications for Practice

The findings have some practical implications for organisations. Conflicts always happen in group decisions. If senior managers are not aware of the seriousness of the situation and do not act as active moderators in such conflicts, TMTs are more likely to become demoralised. For instance, task conflicts may worsen and descend into relationship conflicts and, finally, transform into factional faultline conflicts that are the most troublesome and lead to behavioural disintegration (Li and Hambrick, 2005). Thus, it is critical for team leaders, especially CEOs, to recognise the benefits of achieving high behavioural integration and team potency while detecting emerging conflicts.

Regarding the approaches used when dealing with conflicts, the challenges for TMTs

is to “keep constructive conflict over issues from degenerating into dysfunctional interpersonal conflict, to encourage managers to argue without destroying their ability to work as a team” (Eisenhardt, Kahwajy and Bourgeois, 1997, p.78). This empirical study finds that faultlines can be manipulated in various ways. Cooperative behaviour is advocated as being a means of easing tensions and reaching a consensus within TMTs. Thus, team leaders should appreciate the fact that actions involving some senior managers only are not enough.

The research also extrapolates that the integration and behavioural dynamics of TMTs can be differentiated by their managerial approaches to managing emerged tough faultlines. For example, the CEO can improve group effectiveness by empowering the TMT to maintain a focus on acting autonomously and collaboratively. The CEO can also encourage TMT members to communicate and thereby create harmony and collaboration in a stressful environment. It is a particularly difficult skill for leaders to develop, but it is certain that it is one of the most critical for long-term organisational development. However, in some cases of managing faultline conflicts, the CEO needs to make unilateral decisions and it is always critical to display a moderate level of presence in TMTs’ decision-making process team.

When a social identity divide becomes apparent within an organisation, team members rely on leaders to bridge the gap (Mason et al., 2009). The findings indicate that CEOs and TMT members can resolve faultline conflicts reactively and, even more importantly, TMTs must proactively decrease the prevalence of triggering events. Mason et al. (2007) present four strategies that team leaders can use to bridge subgroup differences. These four strategies include de-categorising, in which interactions between different groups are degraded to be individual-based instead of being identity group-based; re-categorising, which involves the creation of a common or comprehensive attribute that is inclusive across different groups; sub-categorising, which structures the interactions so that different subgroups have distinct but complementary roles to contribute to the group common goal; and cross-cutting, which randomly or systematically crosses over group roles.

This study further distinguishes between the managerial approaches taken by TMTs and CEOs. CEOs can incorporate each of the above approaches into their work with other senior managers. Policies and consensus can be used to bridge differences and strengthen the quality of intergroup relations.

The findings highlight the importance of early intervention. The findings suggest that TMTs should focus on early monitoring and efficient approaches in order to prevent conflicts from escalating. Given that nepotism is one of the most frequent triggers explored, this finding suggests that CEOs and senior managers should pay particular attention to issues of justice and fairness, especially within interpersonal relationships in TMTs. In situations such as when different department directors argue over the content of decisions, the research suggests that CEOs should carefully consider whether the voices of each senior executive have been heard and treated fairly. Therefore, it is crucial for CEOs to make rational decisions and solve emotional and relationship conflicts properly.

As tensions may be hidden in group interactions, CEOs may be unprepared and not know where to start once trigger events emerge. They will be faced with the challenges of achieving group/organisational goals, integration and commitments in a working environment where subgroup polarisation and aggravated conflict are present in the long run. Therefore, CEOs should detect and prevent the events that activate dormant faultlines from occurring in order to prevent or reduce such conflicts. When intergroup differences are narrowed, TMT members are more willing to share information and accept changes. Thus, CEOs not only resolve the conflicts but they also implement the initiatives by which to eliminate long-standing or hidden biases and distressed emotional states within TMT members.

10.7 Limitations and Future Research

Several limitations in this research need to be addressed in order to evaluate the implications and conclusions drawn from the findings. The major limitation of this research stems from the nature of the qualitative study, which has a problem with

regard to generalisability; namely, the research setting is one country. Although cultural dimensions may affect the way senior managers interact in the problem-solving procedures, this research rules out this cultural dimension because this study focuses on a single research context and participants might not be aware of cultural differences unless they are made aware of these by the author. Future research could extend this study's insights into a broader context. It would be interesting to examine how participants react to conflicts and the rationale of how the triggers of faultlines develop in specific cultural contexts. For example, TMT members may react severely or moderately to new senior managers, CEO measures and differential treatment either individually or as a group.

Another limitation of this study is related to the demographic characteristics of the participants involved. All the participants come from companies in Northern China. As the participants come from a particular area, the databases may reflect region-specific variables. As a result, the forms of conflict resolution taken by these CEOs and senior managers may not apply to other regions. However, their management approaches can provide a reference point for further research that explores conflict resolution in organisations in different countries.

Given the time constraints and data access issues, this study is also limited with regard to the generalisability of the findings because of the number of interviews conducted. It was difficult to gain access to Chinese senior managers. Some of the contacted executives were reluctant to discuss conflicts, and especially the interpersonal conflicts in their organisations. This study is an initial step that provides a whole picture of the relationships among different conflict types, conflict transformation and escalation, faultline triggers, CEOs' leadership approaches and conflict group behaviours. The findings could be further verified if more participants were involved.

The interviews and observations were conducted in TMTs, and the research questions aimed to explore seminar executives' views of and reactions to subgroups, which were considered as containing both sensitive and confidential information. These top levels of executives might withhold detailed information or their real thoughts. Some of the

participants spoke indirectly, but revealingly, about certain issues as a result of their sensitive nature, and the author understood what was being implied in these situations. During the participant observations, the author observed the TMTs' daily interactions and made notes based on informal chats and personal observations. However, some emotional factors could not be captured easily. Some degree of rumour and hearsay was also taken into consideration. These informal chats and rumours might be embedded within the participants' personal subjective perspectives. Thus, the author might have some preconceived perceptions of the relationships between the participants. The reliability of the notes made is also related to the author's own perceptions and ability to understand both the nuances of the language used by the participants to refer to certain situations and manifestations of Chinese culture.

This study raises a few questions that need to be addressed in future research. Although the research is conducted with the primary goal of understanding the phenomenon of triggers and developing a rich descriptive typology of triggers, future research will benefit from testing this typology using a more rigorous confirmatory approach in order to examine the relative impacts of organisational versus cultural contextual variables on triggers. Examining group practices and the conflict management process over time using a longitudinal method is much more appropriate.

Future research could explore the extent to which some triggers are more harmful to TMTs than others. For example, faultline triggers based on proximity nepotism may not generate an ideal cooperative environment in TMTs, but it may be tolerable. On the other hand, differential treatment may be a more influential trigger that causes dissatisfaction and the feeling unfairness among TMT members. Different triggers and events may also influence faultlines and the overall group in different ways. Although diversity in TMT members' attributes and task-focused conflicts may result in relatively superficial faultlines that are much easier to manage, differential treatment and the actions taken by CEOs may result in high-strength and long-lasting faultlines, thus making them difficult to deal with.

It would also be interesting to explore which triggers have an equal influence on

different subgroups (Thatcher and Patel, 2012). For example, newcomers may trigger an existing relationship-based faultline, as members of subgroups tend to be more closely linked. It would also be interesting to know whether there is a difference between TMTs that begin with an active faultline already in existence (for example, interest-based faultlines from different departments or two merged companies) and TMTs that initially have no faultlines but that experience a trigger; for example, the promotion of new senior managers.

Another significant need is to explore how different managerial practices affect teams' behavioural integration and firms' performance. In addition, further study could generate a better understanding of the CEO-TMT interface in group conflicts. In this study, subgroups may result in conflicts that pose challenges for TMTs and CEOs. Since few studies have examined faultline conflicts, it would be interesting to explore the composition of factions faultlines and to further examine whether the characteristics of faultlines, for example, the role of members' work experience, may force team leaders to manage conflicts cautiously or to adopt different approaches. Mathieu et al (2008, p.440) proposed that future study could "unravel the dynamics given rise to composition differences among team members and can certainly be expanded to consider the mechanisms by which faultlines influence performance, as well as how the effect of faultiness may change over time."

Research is also needed to examine the relative impacts of distal and proximal contextual factors on the frequency and intensity of triggers (Mason et al., 2009). Research in cross-cultural fields has shown that cultural dimensions matter (Fischer, 2000; Kirkbride, Tang & Westwood, 1991), but more gaps are waiting to be examined at the organisational level. Recent studies are aware that different levels of analysis (i.e., individual, group, organisational and social contextual) can improve the understanding of organisational mechanisms. As a result, the conflict management and faultline model is an area that would benefit greatly from a deeper understanding of the different levels of contextual factors.

Future research should also attempt to understand the types of CEOs' or leaders'

reactions to triggers and identify what effective or ineffective leadership behaviour is comprised of. In this study, different types of CEOs' leadership styles were explored and it was found that some of them may result in dissatisfaction, thus leading to faultline conflicts. It is likely that CEOs' approaches and attitudes may reduce tempers and de-escalate conflicts, while CEOs' leadership styles and behaviour may also exacerbate these problems (i.e., intensify the cracks between subgroup boundaries) and cause conflicts and faultlines to escalate. More interestingly, some CEOs are willing to see faultlines and conflicts occur within TMTs for the purpose of establishing a balance of power. They view conflicts as being an opportunity by which to promote competition and improve group performance. CEOs sometimes even provoke faultlines intentionally in order to pursue his/her own interests. Research in politics may be used for reference in understanding CEOs' leadership when managing group conflicts and faultlines.

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